FINANCIAL TIMES

EUROPE'S BUSINESS NEWSPAPER

No. 30,511 — Tuesday April 12 1988 — D 8523 A

Why techno-babble just makes no sense, Page 20

World News

US accepts accord on Afghanistan withdrawal

President Ronald Reagan yesterday announced that the US had accepted the United Nations-brokered agreement calling for the withdrawal of Soviet troops from Afghanistan.

Mr George Shultz, the US Secretary of State, and Mr Eduard Shevardnadze, the Soviet foreign minister, will sign the accords in Geneva, probably next week.

Mr Reagan's announcement that the US, along with the Soviet Union, will act as guarantor to the accords, removed the last obstacle to one of the most important superpower pacts of the post-war era. Page 7

Khomeini warns Saudis

Iranian spiritual leader Ayatollah Khomeini said 150,000 Iranian Hajj pilgrims would demonstrate in Saudi Arabia this year and warned the Saudis against stopping them. Page 30

Mita 'ready to rule'

Prime Minister-designate Ciriaco De Mita said he was in a position to form Italy's 48th government since the Second World War and end a month-long political crisis.

High-tech go-ahead

Nearly Ecu2bn ($2.34bn) worth of high-technology joint research projects won the provisional or final go-ahead from EC research ministers. Page 2

Communists 'to change'

The Communist bloc faced revolutionary upheavals unless it could revitalise its ideology and introduce economic and political reforms aimed at ensuring material improvements and a strengthening of the party, a leading Polish Communist warned. Page 3

Tamil Tigers toll

Four Tamil Tiger rebels committed suicide by swallowing cyanide and 12 others were killed by Indian and Sri Lankan troops. Page 5

Dissenters ousted

Hungarian authorities expelled four prominent members from the Communist Party in an attempt to curb growing dissent and open criticism within and outside the party. Page 2

India accuses Pakistan

India accused Pakistan of undermining South Asian security by seeking to build nuclear weapons and increase military links with the US.

Oilfield row looms

A serious political row was brewing in the Norwegian Parliament over the future development of Norway's last big oil fields. Page 2

Gelli allowed home

Italian financier and former grandmaster of Italy's P-2 Masonic lodge, Licio Gelli, 68, was allowed to return home from a jail in Parma, northern Italy, because of ill health. Gelli was extradited to Italy from Switzerland in February on fraud charges.

Community cash hitch

A disturbing number of people needing to move cash between European countries could not obtain clear guarantees from their banks of how much the transaction would cost or how long it would take, EC consumer organisations reported. Page 2

Tunisian shuffle

President Zine al-Abidine Ben Ali of Tunisia carried out his first major government shuffle, taking charge of the Defence Ministry himself.

Rabies outbreak

A rabid dog killed at least one fox and another dog in Finland's first outbreak of rabies for more than 30 years.

Business Summary

Merrill Lynch sees earnings fall 37%

MERRILL LYNCH, largest US investment bank, reported a 37 per cent drop in first-quarter net earnings to $88.3m or 82 cents a share, compared with $108.8m or $1 a share a year earlier. Page 31

ROVER GROUP, UK state-owned vehicle producer which is to be taken over by British Aerospace, will be left with a cash surplus of £239.8m ($448.9m) from the planned injection of £800m in new capital by the British Government, suggests its annual report. Page 13

LONDON: International blue chips saw relatively heavy trading in an otherwise thin market, as the stronger dollar boosted demand for stocks such as ICI, Glaxo, Beecham and British Petroleum. The FT-SE 100 index closed up 30.8 at 1,810.5. Page 46

WALL STREET: The Dow Jones industrial average closed up 5.80 at 2,095.99. Page 50

TOKYO: The lower yen and Wall Street's four-day rising streak gave further cheer to share prices, with the Nikkei average closing at another record high, up 175.98 at 26,924.87. Page 50

DOLLAR closed in New York at DM1.6825, Y126.30, SFr1.3925, FFr5.7010. It closed in London at DM1.6865 (DM1.6725); Y126.55 (Y125.50); SFr1.3960 (SFr1.3825); FFr5.7150 (FFr5.6725). Page 39

STERLING closed in New York at $1.8695. It closed in London at $1.8540 ($1.872); DM3.1275 (DM3.1375); Y234.50 (Y235.50); SFr2.5875 (SFr2.5925); FFr10.5950 (FFr10.6425). Page 39

POLISH AUTHORITIES ordered the creation of nine separate banks to decentralise the country's banking system and encourage competitiveness.

MANUFACTURERS HANOVER, large US banking group, is to add $278m in equity to its balance sheet as a result of selling its consumer finance division for $705m to American General Corporation. Page 31

GROLIER, US encyclopaedia publisher, which had been fighting off a $400m merger bid from Hachette of France, met to consider its management's recommendation to sell the company, after Hachette raised its price to $24.25 a share. Page 31

PLESSEY, UK electronics group, has won Swedish and Canadian defence contracts totalling £6m ($11.2m), and is also to supply military radar systems to Portugal. Page 9

HERON INTERNATIONAL, one of Britain's largest private companies, is planning to spend £100m ($187m) to build the country's biggest chain of independent petrol retailers. Page 13

US-SOVIET TRADE could expand if agreement is reached at high-level talks in Moscow this week, although developments are likely to stop short of any real relaxation of the US ban on high-technology exports. Page 30

ELF-AQUITAINE, French state-controlled oil group, has raised its bid for Rhin-Rhône, Alsace fuel trading and construction materials group, to FFr1,700 a share ($299), topping the FFr1,575 bid of its rival, the Sofical group. Page 32

SANOFI, fast-growing French pharmaceuticals company, has acquired a 38 per cent stake in Nina Ricci, Parisian perfume and haute couture fashion house. Page 32

QANTAS AND Air New Zealand, national flag carriers of Australia and New Zealand, may still merge despite abandonment of discussions about a possible three-way merger including Australian Airlines. Page 33

SWISS ECONOMY'S growth is likely to slow, with gross domestic product expected to rise by 1.5 per cent this year and by 1.1 per cent in 1989, according to the Zurich-based KOF/ETH working party, one of the country's leading economic forecasters. Page 3

Hijackers kill again after Cyprus refuses refuelling

BY TONY WALKER IN LARNACA AND ANDREW GOWERS IN LONDON

THE HIJACKING of a Kuwaiti airliner to Larnaca took an ominous turn yesterday when gunmen, who seized the aircraft last Tuesday, killed a second passenger in protest at the continuing unwillingness of the Cypriot authorities to refuel the aircraft.

The hijackers, who dumped the dead man's body — his head covered in blood — on the tarmac, have threatened further "dangerous steps" if their conditions are not met in full.

This was an apparent reference to their central demand, for the release of 17 militants — most of them Shia Moslems — held in Kuwaiti jails after being convicted of the 1983 bombings of the US and French embassies in Kuwait.

Cautious optimism that the hijacking was coming to an end, which had prevailed overnight on Sunday, quickly evaporated yesterday when it became clear that negotiations for the release of the 50 passengers and crew on board had reached an impasse.

YESTERDAY AT LARNACA

0711 — The hijackers say they must have fuel or there will be a fresh "reading" — apparently a reference to a reading from the Koran associated with death. Maher Abdo, a PLO representative, goes to seek "clarification."

0857 — "You are kindly requested within one hour to start refuelling the aircraft otherwise we kill a personality related to the unjust Kuwaiti regime," a hijacker says.

0958 — The hijackers agree to postpone the deadline for further talks with Abdo and Cypriot Director of Civil Aviation Michael Herodotou.

1100 — A hijacker warns: "This is the final time extension ... either after the final (next) 30 minutes we will receive the fuel or you will receive the corpse."

1135 — A hijacker demands 104 tonnes of fuel but allows Abdo and Herodotou to come to the aircraft for a three-minute talk.

1210 — The body of a man is tossed on to the tarmac.

1230 — A hijacker reads a statement saying: "We hereby announce to the Kuwaiti and Cypriot Governments that we executed a Kuwaiti officer."

1335 — Ambulancemen drive out and pick up the corpse. Later, a hostage, Fadel Mazouk el-Atelbi, pleads for for fuel.

In Kuwait, however, Mr Yassir Arafat, chairman of the Palestine Liberation Organisation (PLO), yesterday held talks with the Emir of Kuwait, Sheikh Jaber al-Ahmad al-Sabah.

Mr Arafat later indicated that he may seek to make contact with Iran, which the Kuwaitis suspect of complicity in the hijacking.

He said there had been no progress, but added that he needed to hear all points of view, including those in Tehran.

"It seems they are receiving outside orders, outside even Lebanon," he said, an apparent indication that Iran may be involved.

He also said two of the hijackers were from Bahrain, four Lebanese and a further two of unknown nationality. The latter may be Kuwaiti.

Bahrain has a Shia majority, while Kuwait has a significant Shia minority.

Late yesterday, prospects of an early end to the crisis at Larnaca Airport appeared remote, with the Cypriot authorities stolidly refusing to provide fuel and the Kuwaiti Government sticking by its vow not to bargain with terrorists.

A morning babble of radio communications between the hijackers and the Cypriots was

Continued on Page 30

Israel expels more Palestinians to Lebanon

ISRAEL yesterday expelled eight Palestinian activists to Lebanon and ordered the expulsion of 12 more in a move which will provoke further international criticism and may spark another outbreak of violence in the occupied West Bank and Gaza Strip, writes Our Foreign Staff.

The decision coincided with a relative lull in the violence and appeared designed to appease right-wing critics who claim that the authorities have not cracked down hard enough on the four-month-old Palestinian uprising. The Government will also be aware that international attention may have been distracted by the hijacking of the Kuwaiti aircraft.

The eight men expelled were taken by army helicopter and put in Lebanese taxis on the northern edge of Israel's self-declared security zone in southern Lebanon.

It was the first such move since mid-January, when expulsion of four activists brought condemnation from the UN Security Council and a renewed bout of violence in the occupied territories.

All eight had been detained before or at the outbreak of the current unrest in the occupied territories, but their expulsions had been delayed as a result of court appeals and international pressure.

Defence Minister Yitzhak Rabin yesterday assured Jewish settlers that the Government would act decisively to curb unrest. The around 70,000 settlers have been protesting vigorously since a clash last week between settlers and Palestinians at the West Bank village of Beita in which a 15-year-old Israeli girl was killed by what the army says was a bullet from an Israeli gun.

The 12 whom the Government yesterday ordered to be expelled yesterday include six residents of Beita accused of inciting the clash. They have the right of appeal to military advisory committees.

Meanwhile, underground leaders of the uprising, in which at least 136 Palestinians and two Israelis have died, urged redoubled protests against Israeli rule, including more casualties on the settlers.

● US Secretary of State Mr George Shultz, it is thought in Israel, may soon return to the Middle East for a third round of his shuttle peace mission.

Airbus cost-cutting measures likely

BY OUR FOREIGN AND FINANCIAL STAFF

MINISTERS from Britain, France, West Germany and Spain are expected to approve proposals to reduce costs and tighten management of the European Airbus programme at a meeting today in Madrid.

The proposals are made in a confidential report by a panel appointed to study the consortium. It was commissioned by governments of the four countries involved in Airbus, which are alarmed by mounting losses on the programme due to the fall of the dollar, the currency in which aircraft sales are priced.

All the governments are understood to endorse the report's central recommendation — that an integrated management structure be set up to run the programme on more commercial lines.

At present, sales are handled by Airbus Industrie, but production is split between the four aerospace companies which are the consortium's shareholders. They share little financial information and none of them knows exactly what the others' costs are.

The key test will be how firmly the governments are prepared to insist on cost-cutting by the four companies — Aerospatiale of France, British Aerospace (BAe), MBB of West Germany and Casa of Spain.

Without substantial savings, Airbus could become unable to compete on world markets in the 1990s.

All the companies say they are already acting to cut costs and improve productivity. However, their attitudes towards changes in the Airbus programme and their exposure to direct commercial pressures differ.

BAe, the only one of the four which is privately owned, is impatient with the existing Airbus arrangements and says it will accept any restructuring agreed by ministers. It would like more Airbus work to be put out to competitive tender, a proposal endorsed by the report.

The West German Government, however, appears to have strong reservations about widening sub-contracting arrangements, although it expects to save DM80m ($48m) this year by tightening up on subsidies to MBB.

It believes work should continue to be placed with the Airbus partners broadly in proportion to funding by European governments.

Bonn's scope for imposing radical change is probably limited by the politically sensitive ownership of MBB. Its shareholders include three states (Länder), notably Bavaria, whose Prime Minister, Herr Franz-Josef Strauss, is an influential Airbus backer.

Aerospatiale aims to increase its productivity by 30 per cent and recently negotiated the entry of Canadair of Canada, a weak currency country, as a supplier to the Airbus programme.

However, Aerospatiale believes there are limits to external sub-contracting.

BAe thinks accountability could be strengthened by turning Airbus into a limited company. West Germany argues that this would do little to improve efficiency, while Aerospatiale is firmly opposed at this stage to changing the venture's existing status as a French *Groupement d'Intérêt Economique*.

The French company does not, however, rule out a merger of the Airbus partners in the longer term.

Farmers ends 6-month standoff with offer to discuss BAT bid

BY NICK BUNKER IN LONDON

FARMERS GROUP, the US insurer facing a $4.5bn takeover bid from the UK's BAT Industries, has ended its six-month-long refusal to meet BAT, the British tobacco-based conglomerate.

Farmers Group's offer of a meeting was delivered in a letter to the British group's London headquarters early yesterday.

Los Angeles-based Farmers said it had asked BAT to state clearly whether it was prepared to raise its bid from the current $63 a share.

Mr Leo Denlea Jr, Farmers' chairman, said he was requesting BAT to advise him "without delay" of any higher offer it was prepared to make.

If BAT wanted a meeting to detail its position, it should say so by 9 o'clock this morning, New York time, he added.

The US group's board reiterated that it had made no decision to sell Farmers.

But it told BAT in the letter yesterday that it would consider any increased offer in light of its responsibilities to shareholders.

Some Wall Street analysts interpreted the move as a sign that Farmers is increasingly worried about possible shareholders' lawsuits because of its previous rejection of BAT's $63 a share tender offer.

Mr Herbert Goodfriend, an insurance analyst with Prudential Bache Securities, said the move "brings Farmers a step closer to the negotiating table. Their position was becoming untenable."

In a filing yesterday with the US Securities and Exchange Commission, Farmers disclosed that it was still in discussion with a third party about the financing of a leveraged buy-out as an alternative to BAT takeover.

Farmers told BAT yesterday that it was prepared to disclose to the UK company any confidential information it had already given to third parties, provided it agreed to sign a complex six-page confidentiality agreement.

BAT cautiously welcomed the US group's offer of fresh information which would help it evaluate the company, describing it as "an encouraging development."

BAT said it would be ready to meet Farmers' management when it had studied the information.

The key reason for BAT's caution lies in the terms of the confidentiality agreement.

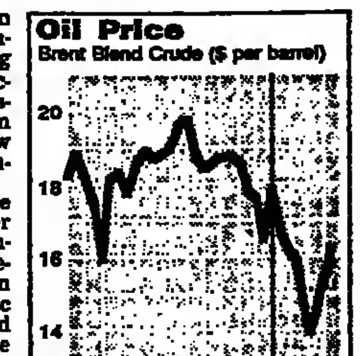
On Wall Street last night, there was speculation that any agreement would probably contain a clause forbidding BAT to buy Farmers shares for several years if its increased bid proved unacceptable to the US group.

Mr Keith Richardson, a BAT spokesman, confirmed last night that there appeared to be some "hand-tying" clauses in the agreement, but stressed that its terms were still being carefully studied.

BAT's shares closed in London at 434p, up 3p.

Oil prices soar on hopes of Opec output cut

BY STEVEN BUTLER IN LONDON



OIL PRICES soared yesterday on expectations that the Organisation of Petroleum Exporting Countries would cut oil production when it meets in full ministerial session later this month in Vienna. The meeting will follow consultations with seven non-Opec producers.

However, the markets were thrown into confusion over Opec's intentions when Mr Ginandjar Kartasasmita, the Indonesian Oil Minister, denied upon arrival in Jakarta that Opec would reduce its self-imposed production quota. Rather, he said, Opec would trim output by some 200,000 barrels a day to 300,000 b/d by enforcing current production ceilings.

Mr Ginandjar's remarks took the froth off an early rally which saw Brent crude rise by over one dollar. Contracts for May delivery of Brent, which is the most widely-traded international crude, closed up 78 cents at $16.375. May futures contracts for West Texas Intermediate were up 23 cents at $17.71 in midday trading at the New York Mercantile Exchange.

The rally came in the first trading day following Saturday's meeting of the Opec price committee in Vienna, in which Opec surprised the markets by calling for an emergency meeting on April 25 to review the organisation's collective output level. The price committee has no power to alter Opec agreements.

The possibility of strong action had been largely discounted by traders, who had expected Saudi Arabia, Opec's biggest and most influential producer, to maintain its opposition to any moves to cut output.

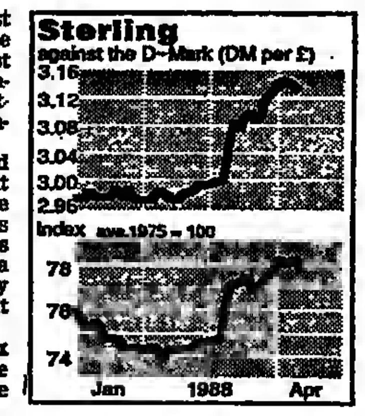
Some oil analysts and traders expressed scepticism that significant production cuts would result from the meetings, but said that Opec so far had successfully talked the markets up $2 a barrel from the levels seen some three weeks ago.

Indonesia's denial that a cut in output was on the cards was contradicted in a statement from Mr Belkacem Nabi, the Algerian Oil Minister, who said that a reduction of output was "definitely" expected at the end of the month.

A wild card has also been tossed into the deck by the unprecedented meeting scheduled on April 23 between the Opec price committee and seven non-Opec producers who will discuss possible co-operation to reduce world oil production. Mr Ginandjar indicated that the non-Opec producers might be asked to lower production to early 1987 levels, which he said would mean a reduction of 500,000 b/d.

Sterling falls after cut in base rates while $ rises

BY RALPH ATKINS IN LONDON



STERLING FELL sharply against the D-Mark yesterday in response to Friday's cut in bank interest rates, while the dollar strengthened ahead of tomorrow's meeting of finance ministers in Washington.

The weaker pound boosted share prices as fears eased about British companies' overseas trade prospects. UK equity markets were also helped by last week's rally in New York and by a strong rise in Tokyo yesterday where the Nikkei index closed at a new high of 26,924.87.

The FT-SE 100-share index closed up 30.8 at 1,810.5 — the highest level since March 23. The

Continued on Page 30

CONTENTS

President José Sarney, whose courageous decision has made him few friends, Page 30

BRAZIL'S PAY FREEZE PROVOKES HOWL OF CRITICISM

William Dawkins reports on the losing battle being fought over the EC quota system by the big integrated producers

Rising demand spells defeat for Europe's steelmakers

STEELMAKERS almost everywhere in the world over are rejoicing over a surprise upturn in demand, a rare bit of good news for a sector which has become a byword for industrial decline.

But the celebrations have a hollow ring for Europe's big integrated producers. The recovery means they are now more likely than ever to lose the last round in their fight, to be held at a decisive meeting of the European Community's 12 industry ministers in late June, to keep in place the EC output controls which have made their industry among the world's most cosily protected for the past eight years.

Secretly, many European Commission officials are glad of this chance to wash their hands of a steel quota system which is a growing embarrassment for Brussels. Its job of helping to support prices by sharing out production in national slabs makes the quota regime perhaps the most conspicuous market barrier the Commission has so far failed to remove in the campaign to create a truly open European market by 1992.

Eurofer, the powerful EC club of integrated producers, argues that ending quotas will plunge the industry into a price war and force widespread and uncontrolled redundancies in already depressed industrial regions — a claim with which the Commission, most steel consumers and the more efficient small producers view with growing scepticism.

At the very most, the Commission might consider some form of temporary pricing accord to soften the transition after the end of the June expiry date for the quota system, a draft of which is being worked on by its industry experts.

Eurofer has struggled successfully over the past two years to persuade EC member states to put off ending the bulk of the steel quota system, originally scheduled to run out at the end of 1985.

The regime, set up in 1980 to give the industry a solid base during the last recession, still regulates around half of the Community's 130m tonne annual steel production, even after the ending in January of controls on merchant bar and wire rod, widely used in the construction and motor tyre industries.

Most forecasters admit to being wrong-footed by the 14.4 per cent increase in Community steel production recorded for the first two months of the year by the International Iron and Steel Institute. That represents a rise from the 19.7m tonnes in the same period of last year to 22.5m tonnes. Industry experts are now looking for a 2 per cent increase in output this year, as against the small decline they were predicting only six months ago.

Prices, meanwhile, are climbing steadily, with EC-made hot rolled coil fetching on average $400 per tonne, against less than $300 two years ago.

The result of all this is that practically all producers of flat products, the bulk of EC steel output, are trading profitably, at least on a monthly basis, with the notable exception of Finsider, the ailing Italian state owned steel group.

> **Secretly many Commission officials are glad of this chance to wash their hands of a growing embarrassment**

Few think the good times will be here for long, the only question being when the next downturn will hit a European steel industry which, despite its protective controls, is historically among the most volatile in the world. "If you are a flat products producer in Europe, you should have a smile on your face. But it won't last," predicts a Commission official.

For one thing, most of the reasons for the EC steel revival are short term. Much of the extra output is being sold outside the Community, mainly as hot rolled coil and cold rolled sheet, the most important products still controlled by quotas.

EC exports are being helped by the erosion of Japanese price competitiveness by the yen's strength, though Japan's steelmakers are now starting to hit back. Low cost Brazilian and South Korean producers have also been withdrawing from export markets in recent months because of a strengthening in domestic demand in their own countries.

On the internal front, there is stronger than expected demand from the car industry, the biggest customer for hot rolled coil. But that is due for a cyclical downturn soon, warn Commission forecasters. At the same time, shutdowns of plants undergoing refits in the Netherlands and Spain have helped push up prices by restricting supply — again a temporary factor.

Yet, however phoney the steel industry's renaissance might appear, most hot rolled coil producers are so busy meeting orders that they are in no mood to volunteer the capacity cuts which the Commission wants as the price for a possible continuation of quotas until the end of 1990.

Eurofer has been given until June *10 to come up with detailed plans* for shutting plant. If it fails, free competition begins on July 1 for the four products now left in the quota system: hot rolled coil and its main derivative product, cold reduced sheet; heavy plate, mainly used in shipbuilding; and heavy sections, sold chiefly to the construction and offshore exploration industries.

To avoid that, Eurofer must volunteer to cut three quarters of the overcapacity in those products. Surplus production potential now stands at roughly 10m tonnes in hot rolled coil, the largest area of overcapacity and the key to the rest; 5.9m tonnes in heavy plate and 3.7m tonnes in heavy sections; representing overall maybe half a dozen big integrated mills employing more than 100,000 people.

That is an appalling sacrifice in bad times, but even harder to make in an upturn. Industry officials believe there is a good chance that steelmakers will get close to the Commission's closure target for heavy plate and heavy sections where demand is less strong and production more self contained than in hot rolling mills.

Both Eurofer and the Commission think it is very unlikely, however, that coil producers will meet Brussels' conditions for a reprieve. The perennial problem that integrated steelmakers face here is that hot rolled coil plants tend to be politically sensitive as big employers in areas of industrial decline. They are also strategically hard to close because they provide the raw material for other products like cold reduced sheet, galvanised and other coated sheets.

To add to the murk, the whole process continues to be blocked by the insistence of West German steel producers — the largest in the EC — that they will not consider further closures until the massive state aids being pumped into Finsider are stopped or controlled, and the Italian company offers its own major closures.

The aid included in Finsider's latest government rescue proposal, which would bring 25,000 job losses, has to be agreed by the Commission and all member states before it can go ahead. The Commission started to study a draft from Finsider early this week, but the plan has still to be agreed finally by Italy's Government (when there is one) before the many months of serious negotiation can get under way in Brussels.

Commission officials hold out very little hope for being able to make a deal with Finsider, satisfy the West Germans and thereby unlock negotiations with the other steelmakers in anything like time for the mid-June deadline.

Hungary expels four dissenters from party

By Judy Dempsey in Vienna

THE HUNGARIAN authorities have expelled four prominent members from the Communist party in an attempt to curb the growing dissent and open criticism both within and outside the party.

Mr Mihaly Bihari, a senior member of the political science department at the Lorand Eotvos University in Budapest, Mr Laszlo Lengyel, a respected reform economist, Mr Zoltan Kiraly, a member of Parliament from Szeged, and Mr Zoltan Biro, who works in the National Library, were expelled for "expressing views critical of the party outside the party" and for "violating the party's unity."

The expulsions take place six weeks before the national conference of the Hungarian Communist Party. The conference, the first to be held since 1957, will discuss a draft programme which was recently debated at a plenum of the central committee.

The document, which called for party unity and discipline, stated specifically that party members "outside the competent party forums should not voice opinions different in spirit from the adopted resolutions." The document also warned those party members who "organise groups and factions to support their dissenting opinions."

Although Mr Bihari, a former deputy editor of Tarsadelmi Szemle, the party's theoretical monthly, has been at the forefront of calling for more pluralism within the party, until recently he generally aired his views within the confines of the party.

However, last month, he and the other three party members addressed the Democratic Forum, an informal group of non-party intellectuals who met in the Jurta Theatre in Budapest to discuss, among other things, political reforms. This apparently was the deciding factor which precipitated their expulsion.

Party members have criticised the party openly in the past. But these expulsions clearly suggest that the authorities are becoming increasingly concerned with the growing dissent from among influential members.

Sources in Budapest describe the expulsions as "a warning shot" to other party members who might have supported non-party informal groupings. The expulsions also suggest that the party is trying to reassert its authority.

In the process, the party has lost a respected liberal academic and inspiring lecturer, a top economist, and a parliamentary deputy who has repeatedly called for more accountability and genuine platforms for public discussion.

Consumers count the high cost of transferring cash in EC

BY WILLIAM DAWKINS IN LUXEMBOURG

A DISTURBING number of people needing to shift cash between European countries cannot obtain clear guarantees from their banks of how much the *transaction will cost or how long* it will take, claims a group of EC consumer organisations in a study released yesterday.

The report, by the Bureau of European Consumer Unions (BEUC), warns that people paying extra for high speed cash transfers do not always get faster service, that instructions on who should bear the costs of the transfer are often ignored and that it is frequently impossible to *gauge in advance the total cost of* making a cross-border payment.

The just over 200 transfers made by BEUC investigators cost the payers on average 9 per cent of the sums involved and took five working days to arrive, a high cost for only moderate speed, the organisation feels.

But within that average, BEUC finds some alarming differences. Too many *transactions* were delayed for several months for no good reason and two never even arrived. This is "an embarrassment. . . in view of the impending establishment of one European market, in which, as seems probable, more and more people will apply to foreign institutions for insurance policies, savings schemes, loans etc," it says.

It blames these problems mainly on poor communications *between banks making* and receiving payments, and calls on them to set up a joint guarantee fund to compensate customers who suffer. Normally, the customer making the payment pays the banks' full telex, computer and handling costs. Yet the beneficiary is often charged — unknown to the payer — by his own bank as well, so that he ends *up receiving less money* than intended.

French, German and Dutch banks especially tend to charge incoming payments without checking whether the costs have already been covered by the foreign payer, alleges BEUC.

The study was criticised by Mr Umberto Burani, secretary general of the EC Banking Federa*tion, who argued that private* customers' payment instructions were often imprecise. "It might be in many cases that the error was made by the person giving the order," he said.

Ministers give go-ahead to high-tech research projects

BY WILLIAM DAWKINS

NEARLY Ecu 2bn (£1.3bn) worth of high technology joint research projects yesterday won the provisional or final go-ahead from European Com*munity research ministers.*

Agreement on the projects, designed to foster cross-border industrial links in information technology, genetic engineering and high precision measuring, means the EC has now given at least outline approval to nearly half individual spending lines in its long-delayed overall Ecu 5.8bn research budget for the next four years.

Yet the *12 ministers* were still deeply divided yesterday evening on the two largest remaining parts of the research budget.

The first is how quickly to spend the Ecu 911m allocated for nuclear fusion, a potentially cleaner energy source than ordinary nuclear fission. Most of the EC's fusion work is based at the Joint European Torus in Culham, UK, which will run out of cash by the summer unless a decision is made before then, warned officials.

Ministers were also divided over how to reorganise the EC's own much criticised Joint Research Centres, due to absorb Ecu 700m from now until 1991.

The only project to win final agreement yesterday was the Ecu 1.6bn second phase of the Esprit information technology scheme, the flagship of the EC's research efforts, due to run until 1993. Adoption came as last minute bids from companies for Esprit cash were flooding in.

Mr Michel Carpentier, head of the Commission's information technology directorate, said well over 1,000 applications were expected.

He said the Ecu 85m bid announced over the weekend from Siemens of West Germany, Bull of France and ICL of the UK for funds to design an advanced mainframe computer "will need a lot of discussion."

Final decisions on successful bids are expected in July.

Yesterday's remaining projects were given approval in principle, meaning that they must be vetted by the European Parliament before getting the final go-ahead.

EC entry bid 'up to Austria'

By Judy Dempsey in Vienna

AUSTRIA ALONE must decide whether its neutrality would be an obstacle *if it* joined the European Community and whether it was prepared to give up "part of its autonomy to supranational institutions," Mr Willi De Clercq, the EC external relations commissioner, said yesterday.

In one of the clearest public statements so far from Brussels, Mr De Clercq told Austrian government officials, the banking community and diplomats in Vienna that "member states 'buy' the benefits of the internal market at the price of accepting Community discipline."

Mr De Clercq, who was recently in Vienna to open a permanent EC office pointed out that "no country will be invited to join." Austria, he said, would have to decide whether it wanted to join or continue to foster a closer relationship with Brussels through its membership in the European Free Trade Association (Efta).

"The initiative must come from the candidate country. And the latter must be aware that joining implies the acceptance of all existing EC rules, those laid down in the treaty as well as in the vast body of derived legislation. There is no room for exceptions."

The Austrian Government has not yet decided on, let alone made, a formal application to join the Community. Instead, it is holding bilateral talks with Brussels. It has also set up a "working group for integration" to find out what is entailed before an application can be submitted and how Austrian industry, the trade unions and other interest groups should adapt to EC legislation.

There is little doubt that as the Community prepares for the abolition of the remaining trade, administrative and fiscal barriers by 1992, the Austrian business community is becoming increasingly impatient and strongly supports applying for membership.

Although Mr De Clercq, in his speech, assured Austria and the other Efta countries that "they will keep the existing advantages" which could expand, the consensus among Austrian industrialists is that without full participation in the EC, their country will be at a distinct disadvantage.

Denmark limits spending on environment

By Hilary Barnes in Copenhagen

DENMARK'S Prime Minister, Mr Poul Schlüter, has stepped in to prevent a runaway increase in national expenditure on environmental protection by placing ceilings on both projected government and industrial environmental investments over the next six years.

The chairman of the Federation of Danish Industries, Mr Otto Christensen, complained last week that standards proposed to prevent atmospheric pollution by industry "will de-industrialise the country."

The Federation has estimated that the proposed standards would require investments of about DKr15bn (£1.26bn) over the next eight years. The Prime Minister, however, said, that industries' investments over the next six years should not exceed DKr6bn.

The Government will now limit its own environmental spending to DKr3.5bn a year between 1988 and 1992, which amounts to DKr4,200 per capita. In addition, households, agriculture and industry are expected to invest a total of some DKr12bn.

Dispute brews in Norway over oil field development

BY KAREN FOSSLI IN OSLO

A SERIOUS political row is brewing in the Norwegian Parliament over the future development of one of Norway's last big oil fields.

The country's Oil Minister, Mr Arne Oeien, has given unequivocal backing for Saga Petroleum's NKr30bn (£2.5bn) Snorre field development to honour a long-time political decision to ensure the fact that Saga has a future as a fully-fledged oil company.

Norway's Finance Ministry, however, imposed a NKr25bn investment ceiling this year to help cool the country's over-heated economy. In addition, there are several other oil field developments for which other oil companies are also trying win development approval.

Saga's Snorre field has been heavily criticised by sceptics who claim that the development involves too much risk amid tumbling market prices for oil. They fear that the development could end up an economic disaster, like the recent Statoil Mongstad refinery project.

A report on the economic viability of the field by Parliament's oil and industry committee is currently undergoing hearings which could sway MPs to veto the project. Should this happen Saga Petroleum would be forced to reduce its staff by half and would end up as a mere financial holding company.

The risk involved is also of concern to Norway's politicians because the state has a 30 per cent direct stake in the project. To still the nerves of politicians Mr Oeien may be forced to sell off the state's interest in the field which could also bring in NKr2bn-NKr3bn to ailing coffers.

District politicians in the mid-Norway region are lobbying furiously to gain approval for other oil projects which are situated off their coastline. They hope to gain work for their ailing industries from field developments in the Haltenbanken region.

The Snorre field has a complex oil reservoir which could affect productibility of the field.

Mr Oeien is expected to come up with a compromise solution which will entail approval for the Snorre field plus approval for partial development of a mid-Norwegian field. However, he may have to gain the backing of the Finance Ministry which has imposed the NKr25bn annual investment ceiling in order to implement such a compromise.

Steel closure traffic protest

By David Goodhart in Düsseldorf

WEST GERMAN steel workers from the Rheinhausen works in the Ruhr brought traffic chaos to Düsseldorf yesterday and ensured that the proposed closure of the plant will remain a matter of intense controversy *over the coming weeks.*

Although it is widely assumed that the closure of the huge plant will finally be confirmed at the Krupp supervisory board meeting on May 2, the works council continues to resist the terms currently on offer from the management — a guarantee of only 700 jobs for one year.

Yesterday, protesters blocked midday traffic for an hour.

Muscovites get a pizza the US action

BY CATHERINE McELHINNEY IN MOSCOW

AMERICAN PIZZAS go on sale for the first time on the streets of Moscow today.

A joint venture deal was negotiated by the US entrepreneur Mr Louis Piancone of Piscataway, New Jersey, following a visit to his home town last summer by the Mayor of Moscow. "We let him taste some pizza and he liked it," Mr Piancone said. "He extended to us an invitation to come to the USSR."

Mr Piancone and his partner, Mr Shelley M. Ziegler, went to Moscow last October and in February a joint venture was set up. Astro Pizza Ltd is to be inaugurated with a ribbon-cutting ceremony in the Lenin Hills district of the city. Pizza will be handed out free for the first hour and will go on sale later.

One portion will cost Roubles 1.25 (£1.15), while a 12 oz paper cup of soda will cost an extra 75 kopecks.

The 36-foot by 11-foot mobile pizzeria has already caused a stir parked outside the Moscow State University since the weekend. It took three weeks to reach Moscow from the US and is equipped with sophisticated equipment which can produce 7,000 pizza slices a day.

Practical difficulties to be overcome involve thawing the 35,000 lbs of dough shipped from New Jersey at the correct speed to continue making pizzas for the venture's initial two months.

Mr Piancone hopes to expand the joint venture and open 25 restaurants in Moscow. He will have two technicians in Moscow to train Soviet employees.

Initially all the pizza ingredients are being imported from the US. But eventually, Mr Piancone said, some ingredients would have to be made in the Soviet Union.

FINANCIAL TIMES

Published by the Financial Times (Europe) Ltd., Frankfurt Branch, represented by E. Hugo, Frankfurt/Main, and, as members of the Board of Directors, F. Barlow, R.A.F. McClean, G.T.S. Damer, M.C. Gorman, D.E.P. Palmer, London. Printer: Frankfurter Societäts-Druckerei-GmbH, Frankfurt/Main. Responsible editor: C.D. Owen, Financial Times, Bracken House, Cannon Street, London EC4P 4BY. © The Financial Times Ltd, 1988.

FINANCIAL TIMES, USPS No 190640, published daily except Sundays and holidays. US subscription rates $365.00 per annum. Second-class postage paid at New York NY and at additional mailing offices. POSTMASTER, send address change to: FINANCIAL TIMES, 14 East 60th Street, New York, NY 10022.

Communist bloc must change 'or face revolution'

BY CHRISTOPHER BOBINSKI IN WARSAW

THE Communist bloc faces revolutionary upheavals unless it can revitalise its ideology and introduce economic and political reforms aimed at ensuring material improvements and a strengthening of the party , a leading Polish Communist has warned.

The message comes in a 60-page paper which surfaced recently but was written in the second half of last year by Mr Mieczyslaw Rakowski, who was promoted to the Polish politburo last December.

Mr Rakowski won a liberal reputation as the editor in the 1960s and 1970s of the Polityka weekly. In 1981 he joined the Government as a strong supporter of General Wojciech Jaruzelski, and stood by him during the martial law period, only to suffer demotion four years later.

Rakowski: back in favour

His return to favour suggests that Gen Jaruzelski approved of the candid analysis of the dangers facing the Polish party contained in the paper which was evidently written with an eye on the politburo post.

Indeed, Mr Rakowski implies that the Polish Communist establishment should not count automatically on the Soviet Union to intervene should it lose control.

Refering to the policies being pursued by Mr Mikhail Gorbachev in the Soviet Union, Mr Rakowski says: "We must pose the question whether all our comrades in top posts have drawn the right conclusions from the new political constellation which is developing within the socialist bloc."

All the Communist countries, he says, are going through a crisis of varying intensity arising from the inability of the system to satisfy growing social aspirations and its search for greater efficiency.

Traditional Communist ideology is no longer attractive and will wither unless it "finds the creative energy , courage and imagination to free itself of useless ideas and outdated concepts," he says.

If this does not happen, then "one can assume that in the future our formation will see upheavals and revolutionary outbursts initiated by an increasingly better educated populace."

Ruling Communist parties, he suggests, must come to terms with the implications of the shift towards shares for workers, as well as participation in decision-making in industry aimed at boosting efficiency. Such economic reforms now being introduced would limit the traditional power which party officials have enjoyed.

Comecon integration, Mr Rakowski asserts, has scant chance of developing unless there is free travel between Communist countries in contrast to the "well guarded frontiers" of today.

He criticises the Polish Government for failing to alleviate everyday shortages which make life miserable and which "fuel dislike and even hatred" towards the authorities.

The fact that people have not rebelled as yet should not make the authorities complacent because a new generation is growing for whom martial law in 1981 is only a memory , Mr Rakowski warns. He implies that complacency is the establishment's worst enemy and that this has contributed to the bureacracy's success in blocking reforms in the 1980s.

Mr Rakowski also criticises government politicians for not attacking the Roman Catholic Church and the Solidarity opposition in open argument and thus giving the impression of being afraid to do so.

While he is no friend of the opposition, Mr Rakowski notes that the authorities have recognised de facto that it plays a role in Poland and he stresses that the Communist party should analyse the implications of this for the future.

His paper paints a picture of a leadership tired of struggling for seven years with little success to achieve an economic breakthrough and losing faith that this will ever be possible. In this situation Mr Rakowski stresses that the party must acquire confidence that it is capable of "making a revolutionary change in the social and economic system."

Slower growth forecast for the Swiss economy

BY JOHN WICKS IN ZURICH

THE SWISS economy is likely to grow more slowly this year and next, says to the Zurich-based KOF/ETH working party, one of the country's leading economic forecasters. It expects gross domestic product to rise in real terms by some 1.5 per cent this year and by 1.1 per cent in 1989.

This deceleration – corresponding growth rates were 2.7 per cent in 1986 and some 2 per cent last year – is attributed largely to slower growth in exports of goods and services. These are seen as expanding by only about 0.8 per cent this year and next, compared with about 1.4 per cent in 1987.

The working party, attached to the Federal Institute of Technology, believes merchandise exports will be affected by the sluggish world economy and the strong Swiss franc. In the case of invisibles, tourism is also likely to be hit by the currency situation, while the stock market decline will mean lower commission income for banks.

"Domestic demand will again be the main pillar of the economy," the report states, although both private and public consumption are seen as growing more slowly by 1989. Overall domestic demand is still expected to grow by about 3 and 2 per cent, respectively, this year and next.

A slight rise is foreseen in both inflation and unemployment, though both these figures will remain insignificant by international standards. The cost of living is expected to rise by about 2 per cent this year and 2.5 per cent in 1989, while unemployment should stay below the 1 per cent mark at 0.8 and 0.9 per cent, respectively.

Exports boost Seoul growth forecast

By Maggie Ford in Seoul

TWO YEARS of strong export growth have prompted the South Korean Government to revise upward its forecasts of the performance of the economy.

The Economic Planning Board said yesterday that annual growth over the next five years was expected to average 8.3 per cent, with gross national product reaching $226bn in 1991 compared with an earlier forecast of $175bn.

Per capita GNP would rise to $5,100 in 1991 compared with $3,450 expected this year.

South Korean officials have announced that the country plans to join the Organisation for Economic Co-operation and Development when its GNP reaches the $200bn mark, originally not expected until 1993.

The government forecasts that the country's current account surplus will hover around the $8bn level in the next three years. A much higher level is expected this year.

By 1991, South Korea's foreign debt – the fourth-largest in the developing world last year – would be reduced to $23bn, the same level as foreign assets.

Bob King in Taipei reports on the search for direction in the political vacuum after the end of the Chiang dynasty

Taiwan political reformers gather strength

IF TAIWAN'S elderly statesmen thought the political process would maintain the course of the past 40 years following the death of president Chiang Ching-kuo last January, they were sadly mistaken.

Since parliament resumed in February after the new year recess, change and challenge to long-held tenets have proceeded at an accelerating pace. Members of the ruling Nationalist Party itself have agitated for and pioneered many of the major changes.

"Sometimes I just want to keep quiet and get some rest, but the tempo [of change] keeps moving so fast I can't avoid it," said Jaw Shau-kong, who is considered one of the most outspoken and articulate younger members of parliament.

Jaw holds a master's degree in mechanical engineering from Clemson University of the US and was the former Far East manager for Imperial Oil.

Indeed, many consider Jaw a standard-bearer for the younger, better-educated representatives in the three "national" bodies that include parliament, the control yuan (a Government watchdog body), and the national assembly, which meets every six years to elect the president.

Jaw and his progressive colleagues in parliament have a string of impressive challenges to their credit since it went back into session a little more than a month ago. They have, for instance, pushed for broader contacts with China, beyond the visits for "family reunions" which the Government sanctioned last November; they want expanded trade links, and academic and cultural exchanges between the two sides as well.

The progressive faction is also pressing for greater disclosure by government on a number of fronts: the safety of nuclear-power stations now operating on the island; details of the so-called 2-28 incident in early 1947, shortly after Taiwan was returned to the Nationalist regime, in which thousands of people died; details of the charges against possibly hundreds of people, including some leading military figures, who were summarily imprisoned – or worse – after 1949; and a clear-cut accounting of the whereabouts and disposal of Taiwan's $77bn in foreign-exchange reserves – to name but a few.

Over in the control yuan, the top-level body whose job it is to keep an eye on the other branches of Government for possible abuses of power, malpractice and corruption, similar questions are being raised. And in the National Assembly, younger members are urging that elderly representatives, elected more than 40 years ago on the mainland, accept the inevitable and "voluntarily" step down to make that body more closely reflect the current realities of Taiwan.

Chiang Kai-shek: Successors are unlikely to be as powerful

"Some people worry that we're moving too fast; but I feel that's just because we moved too slowly in the past," Jaw said. He added that the recent sharp questioning of top officials such as premier Yu Kuo-hwa and cabinet ministers in sessions at each opening of parliament, during which officials must answer questions put to them by MPs, are designed to "keep up the tempo" of change.

Much of that change is occurring in at least a partial power-vacuum, despite the rapid rise of Lee Teng-hui, the 65- year-old native of Taiwan, to both the presidency and the acting chairmanship of the Nationalist Party.

Taiwan's citizens, as well as its elected representatives, have traditionally looked to one strong central figure ultimately to decide questions of policy – and that person was formerly either Chiang Kai-shek, who died in 1975, or his son, Chiang Chiang-kuo, who died last January.

But it is still unclear whether Lee – or even a group of select officials working with him – will emerge as powerful or as influential as the Chiangs were.

The Nationalist Party's 13th Congress scheduled for July should answer these lingering questions of power and authority.

Most believe, for instance, that Lee will be confirmed in his post as party chairman – which will give the progressive faction the formal mandate it needs to press ahead with reforms.

Other items on the agenda will likely be a further revision of Taiwan's policy toward China, with which it remains nominally at war, as well as details concerning the retirement of ageing representatives from China – and, more important, a thorough reform of the party itself.

"The party should be more democratic inside – if we want society to become more democratic, then we should start with the party," Chao said.

He voiced the views of his progressive colleagues that the party should accommodate a multitude of opinions on topics, rather than the former stress of "one voice," and added, in faint mockery of the Maoist slogan that "the revolution never stops," his own view: "reform never stops."

Accountability of the Government to the people is an important component of the progressives' platform, both in the party and the bureaucracy – which, given current realities, amount to the same thing.

Thus, they have continued to press for answers to previously-sacrosanct questions. "Under this pressure, change will come, and come quickly. In 1989, the legislative yuan [parliament] will get new seats [elected from Taiwan], and this will bring more pressure on the executive branch to change quickly," Jaw said.

Why Syria acted to halt a repeat of Beirut hijacking

BY TONY WALKER AND ANDREW GOWERS

NOTHING symbolised the political stakes raised by the hijacking of the Kuwaiti jumbo jet more than the spectacle last Friday in the skies above Beirut. As the aircraft circled the airport threatening to crash, Syrian troops fired shots in the air, causing it to veer off towards Cyprus.

The airborne stand-off was the result of an extremely hard-headed calculation by the Syrian leadership. If the aircraft had been allowed to land, the chances were it could spark off another crisis in Lebanon reminiscent of the one that arose from the hijacking of a TWA airliner there in June 1985.

President Hafez al-Assad, whose efforts to sort out the Lebanese quagmire remain in the balance, was determined to avoid such a debacle.

Nothing would be guaranteed to put Syria's fragile control over West Beirut, including the potentially unruly sonthern suburbs (which are almost adjacent to the airport), under greater strain than the presence on the tarmac of the Kuwaiti Boeing. The gunmen in control of it are almost certainly Lebanese Shia Muslims, most likely members of Hizbollah ("Party of God") or one of its affiliates.

Syria, whose legions are in control of most of West Beirut (though not tha sonthern suburbs), would have faced not only the difficulty of trying to bring the hijacking to an end, but also the problem of controlling restive Shias sympathetic to the hijackers.

Syria, whose formerly lucrative relations with the conservative Arab mainstream are fragile in any case, could hardly profit from being the responsible power in a hijack rescue operation that might have ended in the disaster for all concerned, especially when the gunmen were in sympathy if not cahoots with Iran. Tehran's efforts to export its revolution to Lebanon have already caused strains with Damascus.

The case of the TWA airliner hijacking in 1985 – also carried out by Shia extremists – is a cautionary tale. As it sat for days on the Beirut tarmac, and as the more moderate Amal militia leaders tried to negotiate a way out of the crisis, the more extreme Hizbollahis were making great political capital. It was one of the events which seriously undermined the authority of more moderate leaders such as Mr Nabih Berri and helped boost the position of the groups which are now holding 26 Western hostages in Beirut.

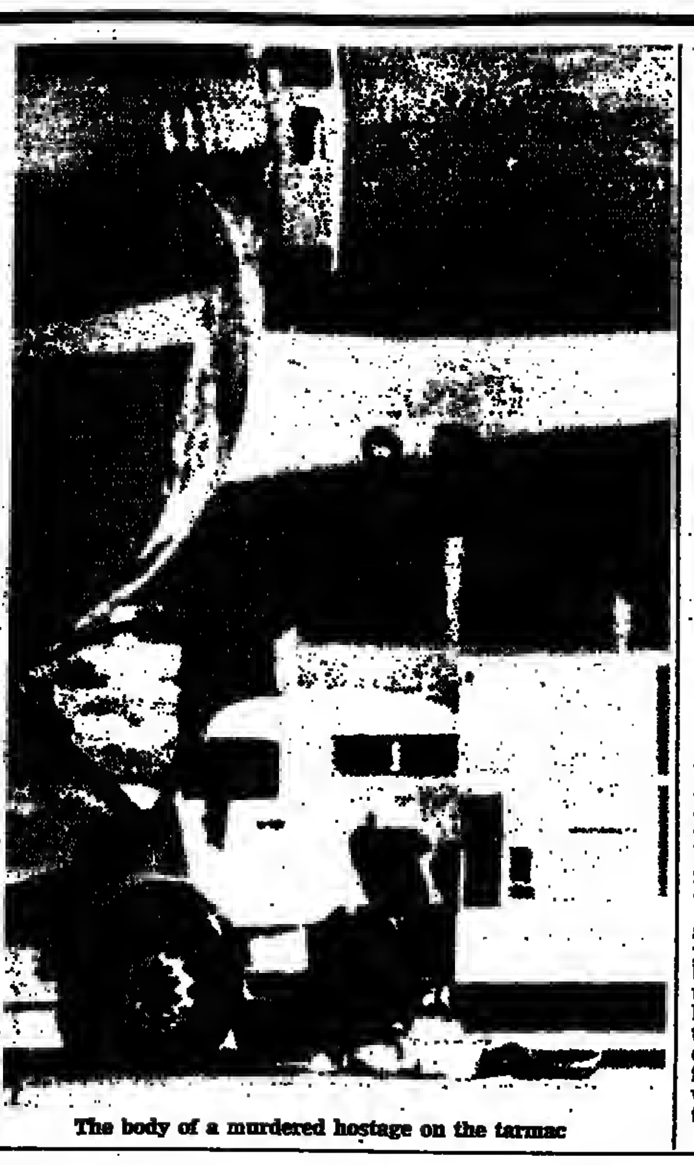
Islamic Jihad, one of the shadowy groups allied with Hizbollah and pressing – like the hijackers – for the release of 17 Arab militants in a Kuwaiti jail, signalled its identification with the hijackers on Sunday night by threatening to kill its hostages if the plane were stormed. The extremist groups have every reason to exploit the current crisis in the constant jockeying for power between sects and factions that characterises contemporary Lebanon.

Such rivalry is if anything intensifying this year, since the prospect of presidential elections, due in August, has revived discussion about altering the power sharing arrangement between Lebanon's various confessional groups.

Mr George Shultz, the US Secretary of State, discussed Lebanon at length with President Assad in Damascus recently, and the US appears to be trying once again to play a role in the country by mediating between Lebanese President Amin Gemayel and Mr Assad.

Written proposals setting out constitutional amendments are circulating, and a senior US ambassador, Ms April Glaspie, is keeping lines open to the participants.

Syria would thus certainly not wish the country to be in uproar over the presence in Beirut of a Kuwaiti airliner under the control of pro-Iranian militants promoting a brand of Islamic revolution which hardly corresponds with Damascus's ambitions in Lebanon.



The body of a murdered hostage on the tarmac

Revitalised Arafat shows he and PLO cannot be ignored

By Tony Walker and Andrew Gowers

ONE OF the more intriguing aspects of the Kuwaiti hijack crisis is the role played by the Palestine Liberation Organisation and Mr Yassir Arafat, its chairman.

As the Kuwaiti Boeing 747 sat on the tarmac at Larnaca airport in Cyprus at the weekend and the Cypriot and Kuwaiti authorities were casting around for e suitable honest broker to talk to the hijackers, the PLO emerged as the logical choice.

Mr Arafat, in Kuwait for an Islamic Conference Organisation meeting, was reported to have become directly involved in three deys of mediation efforts by local PLO representatives.

Although these appeared yesterday to have failed, the PLO's intervention served only to underline the recent improvement in its political fortunes, which reached something of a nadir when Mr Arafat was virtually ignored at an Arab summit meeting in Amman last November.

For Kuwait, which provides the organisation with a substantial proportion of its funds and plays host to around 450,000 members of the Palestinian diaspora, the PLO was an eminently acceptable interlocutor.

The hijackers, probably Lebanese Shias, were presumably prepared to talk to the PLO because of its guerrilla credentials, its role as the symbolic leader of the four-month Palestinian uprising in the Israeli-occupied West Bank and the fragile links it has developed with extreme Shia organisations in southern Lebanon.

In short, Mr Arafat, who had spent a long period almost in the political wilderness following his expulsion from Lebanon in 1983, enlivened only by the supposed "reunification" of the PLO at an Algiers meeting a year ago, is to a degree being taken seriously again in Arab capitals.

He is also being accorded more attention in Moscow, where he met Mr Mikhail Gorbachev on Saturday to hear a lecture on the need to recognise Israel. And in Washington, the administration of Mr Ronald Reagan made a timid gesture towards the Palestinians two weeks ago when Mr George Shultz, the Secretary of State, met two leading Palestinian Americans who support Mr Arafat, provoking e sharp response from Israel.

The hijacking has also provided Mr Arafat, the eternal tactician, with an opportunity to play to Western eudiences by sounding off his disapproval of terrorism.

It is the Palestinian revolt which has done most to re-establish the PLO's bruised credentials. Although this bandwegon started rolling spontaneously within the occupied territories, Mr Arafat lost no time in climbing on.

The change in Jordan's attitude, after more than a year of serious tension between King Hussein and Mr Arafat, has been remerkable. The PLO leader received what he regarded as calculated insults at the Amman summit last November, which accorded the Iran-Iraq war greater priority than the Palestinian issue. But the King has recently been pressing Mr Arafat to visit Jordan, and it is the PLO chairman who is now playing hard to get.

Even Syria appears to be according the PLO mainstream more respect. President Hafez al-Assad, a sworn enemy of Mr Arafat who has long attempted to interfere in Palestinian politics, has been telling Mr George Shultz, the US Secretary of State, of the need for the PLO to be represented at an international Middle East peace conference in its own right.

All this does not mean that the PLO's or Mr Arafat's political effectiveness is abont to improve dramatically.

Mr Arafat is widely seen as a weak and devious leader, and there is no more sign now that he is capable of coming up with a coherent and realistic programme.

But the events of recent months and days have demonstrated once again that the PLO cannot lightly be ignored.

Gandhi plans $1bn industrial package for peace in Punjab

BY JOHN ELLIOTT, RECENTLY IN CHANDIGARH

THE Indian Government is to allow PepsiCo of the US to go ahead with a controversial drinks and food processing project in the Punjab.

It is to be part of a government-sponsored industrial development package totalling more than Rs14bn ($1.05bn) aimed at boosting the economy of the state, which has been hit by Sikh violence for six years.

The other projects, all public sector, include a Rs10bn-15bn petrochemical complex with a wide range of downstream industries and a Rs3bn plant powered by rice straw to produce newsprint from sugar cane waste.

A Rs1bn solar-powered 30MW power station is also planned, financed by Japanese aid and using technology from LUZ Engineering of the US.

None of the projects has been officially announced because Mr Rajiv Gandhi, the Indian Prime Minister, wants to launch them as an economic package later in his peace initiative for the state along with other concessions demanded by the Sikh militants, such as the release of extremists from jail.

Also planned are concessions to encourage Indian and foreign industrial companies to invest in Punjab as well as other incentives for smaller entrepreneurs.

If Mr Gandhi's Punjab initiative fails, he will have to decide whether to delay the projects.

Although Punjab is the richest state in India, its economy is based on an agricultural green revolution in the 1970s. This has not been followed by industrial development.

Experts believe that many youths have been attracted to the Sikhs' extremist cause because of a lack of attractive jobs. It is estimated that jobs for 100,000 youths need to be found within the next two or three years.

PepsiCo has been trying for more than three years to obtain permission from the Indian Government to produce its cola and other soft drinks in India as part of a Rs250m project which will include the processing and exporting of fruit, tomatoes, potatoes and grains.

The plan has been opposed by Indian cola producers. PepsiCo will be working with Voltas, part of the Tata business house, and Punjab Agro, a state-owned corporation.

There will be at least three processing factories in Punjab, including one making cola concentrate.

Japan's trade surplus falls

By Ian Rodger in Tokyo

JAPAN'S trade surplus dropped to $7.46bn in March on a customs cleared basis, 7.4 per cent lower than in March last year thanks to the continuing surge of imports into the country.

Exports rose 17.4 per cent to $22.66bn. Imports rose 35 per cent to $15.2bn.

Imports from the European Community and the US showed strong growth. EC imports were up 66.4 per cent to $2.1bn while imports from the US rose 55.8 per cent to $3.8bn following a similarly large increase in February.

Japan's trade surplus with the US fell for the third month in a row to $3.4bn. The trade surplus for the fiscal year to March 31 fell 18.3 per cent to $76.03bn.

It was the first annual drop since fiscal year 1979-80, following the second oil crisis.

Raid on rebel bases leaves 16 Tamils dead

FOUR Tamil rebels committed suicide by swallowing cyanide and 12 others were killed by Indian and Sri Lankan troops in the northern and eastern parts of the island, officials said yesterday, AP reports from Colombo.

Eight of the rebels were killed on Sunday when Sri Lankan soldiers raided a jungle hideout in northern Sri Lanka's Anuradhapura district, 100 miles northeast of Colombo, a Sri Lankan military official said.

He said the camp was used by the Liberation Tigers of Tamil Eelam, the largest Tamil rebel group, and apparently was the springboard for the massacre last week of 14 Sinhalese villagers.

The hideout is 10 miles north east of Meriganwela where villagers' mutilated bodies were found on Friday. Two of the victims' national identity cards were found in the rebel camp, the military official said.

China rules out measure of independence for Tibet

CHINA will not permit an independent or "semi-independent" Tibet, top government adviser and former president Li Xiannian said yesterday, Reuter reports from Peking.

The official New China News Agency quoted him as saying "The central Government and entire Chinese people will by no means allow the so-called independence or 'semi-independence' of Tibet, advocated by the [Tibetan spiritual leader] Dalai Lama.

"We respect the cultural tradition of Tibet and the habits and customs of the Tibetan people but we will never tolerate Tibet being separated from China," he said.

He made the remarks in a meeting with Prince Henri of Luxembourg who is visiting China.

Li stepped down as president on Friday and on Sunday was named head of the Government advisory body, the Chinese People's Political Consultative Conference.

The Dalai Lama, who fled into exile in India in 1959 after an abortive anti-Chinese uprising, is currently visiting Britain whose Foreign Office has asked him not to make political statements during the visit.

Separatist riots erupted in the Tibetan capital Lhasa last October and again last month. China says 11 people died in the unrest but Tibetans say the death toll was higher.

US stresses opposition to IMF debt facility

By Philip Stephens in Washington

THE US yesterday underlined its implacable opposition to proposals that the International Monetary Fund and World Bank establish a new facility to "buy up" the debts of heavily-indebted nations.

A senior US Treasury official, however, said that the Fund's policy-making Interim Committee would this week agree a US plan to establish a contingency mechanism which would provide further financial help to debtor nations.

Officials from a number of developing nations and some commercial banks hava suggested a new general debt facility is needed to break the current impasse in easing the debt burden of middle-income countries. It would buy Third World debt at a discount from commercial banks and pass on the savings to the relevant debtor nation.

The US official, however, said that the Washington Administration would regard any move in that direction as "completely wrong". It would totally undermine efforts to persuade debtor nations that major economic adjustment programmes were the key to the eventual resolution of their problems.

More positively, he said that the new contingency financing mechanism which the US is confident will be agreed this week would provide increased support for those countries undertaking adjustment programmes.

The facility is to operate alongside the existing Compensatory Financing Facility in providing additional cash to countries' whose economies are hit by unforeseen external shocks. At the moment the CFF only provides for such extra funds in the event of a fall in export prices but the new mechanism will include provision for help in the event of sharp rises in import prices, or in world interest rates.

Overall, the two mechanisms taken together will give developing nations the right to draw down funds equivalent to 105 per cent of their IMF quotas compared with 83 per cent now. A mnch greater proportion of the cash, however, will be linked to approved IMF programmes.

Deborah Hargreaves describes an experiment in bilingual teaching

A Chicago school's gift of tongues

IN A CONCRETE, breeze-block building on the edge of Chicago's yuppified Lincoln Park area, pupils at the Inter-American Magnet school argue in a mixture of Spanish and English. "*Ella*, teacher, *tambien*," shouts one, calling the teacher's attention to one of his friends.

The bilingual elementary school is an educational success story in a city whose municipal education system has been described by Mr William Bennett, the Federal Education Secretary, as the worst in the country.

And the parents who set it up 13 years ago are keen to see it used as a model in the continuing debate over bilingual education in the US.

Inter-American is publicly funded, so tuition is free, but its approach to the language question is quite different from that of other public schools, where bilingual teaching is generally seen as a transitional stage towards integrating Hispanic children into the US education system.

Most public schools put immigrant children, who often speak no English, through a three-year course designed to teach them to read in Spanish, and then move them on to English. In the second phase, they receive no Spanish instruction. This can leave them cut off from their parents, who often speak only rudimentary English.

At Inter-American, the children begin by learning to read and write in their own language, be it English or Spanish. They later learn reading and writing in the other tongue; the school's most unusual feature is that all other classes alternate day by day between Spanish and English.

"It's a very wholesome way to learn," says Ms Adela Greeley, one of the two parents who founded the school. "We were fed up with schools that treated Spanish-speaking children as if they had a learning disability."

Ms Greeley points to the natural way the pupils learn from one another, "instead of having it all drummed into them in a classroom." She tries to foster the idea that being bilingual is an asset, and that Spanish-speakers should continue studying in their own language.

Today, Inter-American scores highest in examination results for the city's bilingual programmes. It receives over 40 applications for every place.

It won full entitlement to public funding by becoming registered as a "Magnet" school, a catagory of educational establishment that caters to special interests such as dancing or art as well as foreign languages. One of their stated purposes is to overcome segregation.

At Inter-American, strict ethnic ratios are maintained, on the insistence of the principal Ms Eva Hellwing. Some 60 per cent of the pupils are Hispanic, while 10 per cent are black, 28 per cent white, and 2 per cent from other ethnic groups.

Critics say the Magnet schools have become elitist by screening applicants through a series of stiff entrance examinations.

At Inter-American Magnet, most classes are in English one day and in Spanish the next

Here again Inter-American is different. It selects its pupils by an exhaustive method based on a random lottery, followed up with an interview, and a second lottery. One of the criteria is that the parents should be committed to bilingual education, Ms Hellwing says.

Since starting the school, Ms Greeley has worked hard to keep parents involved in its development. "We wanted to connect the language and the culture, eventually involving the whole community," she says, apologizing if she sounds too idealistic.

The parents' council has a decisive say in the running of the school. One of its members will sit in on interviews for new teachers, all of whom must be bilingual. The council also has a vote in the choice of the school's heed and a say in curriculum choice.

One parent describes a meeting of the multi-ethnic parents' council as a "raucous affair with the emotional tone of, say, the entry of Emiliano Zapata's troops into Mexico City."

And Inter-American parents are at the forefront of a movement pressing for reform of the school system city-wide. "Our parents aren't the sort that just sit back and hold bake sales," Ms Greeley says.

Diverse school reform movements were moved to join forces by a month-long teachers' strike last September and they have made recommendations to the City Council on how Chicago's schools can be improved. Given that almost every reform suggestion involves greater parental participation, Inter-American parents see their school as a useful model.

"Our parent body is very well educated," says Ms Greeley, who advocates training for parents to make them less intimidated by teachers and schools. She believes schools are at fault for shutting their doors to parents. "If you only want them when you need money, it's not very exciting for them."

Peru banks to make credit more available

By Barbara Durr in Lima

PERU'S President Alan Garcia issued an executive decree on Sunday that will require all banking institutions to make at least 10 per cent of their loans to small businessmen and individual artisans or groups of the same.

The decree also created a "popular mortgage" in which possession rather than ownership of a lot of land will suffice to obtain credit to build or expand a home. This is designed to favour poor migrants to cities who build on abandoned land.

The decree provides complementary regulations for the ill-starred bank nationalisation law, which was passed last year. Mr Garcia said his original intention with the law was to "democratise credit".

Sunday's decree appeared aimed at recuperating some of the Government's credibility which was eroded when it fumbled bank nationalisation.

The decree's two main provisions were inspired by Mr Hernando de Soto, chief of the Institute of Liberty and Democracy, who has championed those in the informal, or underground, economy.

The decree did not specify further actions on the nine private banks still subject to nationalisation.

US accepts UN plan for Afghanistan

BY LIONEL BARBER IN WASHINGTON

PRESIDENT Reagan yesterday announced that the US had accepted the United Nations-brokered agreement calling for the withdrawal of Soviet troops from Afghanistan.

Mr George Shultz, the US Secretary of State, and Mr Eduard Shevardnadze, the Soviet Foreign Minister, will probably sign the accords in Geneva next week.

Mr Reagan's announcement that the US, along with the Soviet Union, will act as guarantor to the accords, removed the last obstacle to one of the most important superpower pacts of the post-war era.

Under the accord, which was announced last Friday by the UN mediator Mr Diego Cordovez, the Soviets are to begin withdrawing their estimated 115,000 troops on May 15. The withdrawal is due to last nine months.

However, the agreement does not contain clear provisions for ending the war between the Soviet-backed regime in Kabul and the US-backed rebels, which in nine years has killed more than one million Afghans and turned three million more into refugees in neighbouring Pakistan.

The accords allow the US to continue supplying arms to the Afghan guerrillas at a level equivalent to the military aid which the Soviet Union provides to the Kabul regime.

However, some observers believe that both Washington and Moscow intend to cease arms deliveries during the Soviet withdrawal and then reassess the situation.

This compromise agreement, known as "positive symmetry," has won wide support in the US Congress.

Until last week, many conservatives, including some leading Democrats such as the Senate Majority leader, Senator Robert Byrd of West Virginia, objected to a US proposal which would have cut off aid to the guerrillas as soon as the Soviet withdrawal began – without a commensurate pledge from Moscow.

This "negative symmetry" was subsequently revised.

The Afghan pact considerably improves the atmosphere ahead of the superpower summit next month in Moscow, which will be attended by Mr Reagan. It will cover human rights, regional conflicts, and a potential agreement to cut strategic ballistic weapons arsenals by half.

Mr Shultz is to begin talks in Moscow on April 21 to prepare for the summit. Washington would apparently like to delay signing the withdrawal accords until next week to allow him to fly to Moscow from Geneva.

Cutler to be nominated US envoy in Riyadh

PRESIDENT RONALD REAGAN plans to nominate Mr Walter Cutler to be US ambassador to Saudi Arabia, replacing Mr Hume Horan, the White House said yesterday, Reuter reports from Washington.

If confirmed by the Senate, Mr Cutler, a 57-year old career diplomat, would become US envoy in Riyadh for a second time. He previously served as ambassador there from 1984 to 1987.

Mr Horan, who became US ambassador to Saudi Arabia just six months ago, was recalled to Washington following disclosure of the Saudi purchase of medium-range Chinese missiles.

The State Department has denied Horan's removal was provoked by the Saudi missile deal, but senior US officials said "bad vibes" had existed between Mr Horan and Saudi leaders.

Washington denies sanctions are wrecking Panama banks

THE WHITE HOUSE yesterday denied US economic sanctions were wrecking Panama's banking system but predicted the pressure would eventually drive strongman General Manuel Antonio Noriega from power, Agencies report from Washington.

Mr Marlin Fitzwater, President Reagan's spokesman, said the sanctions were aimed at keeping Gen Noriega from getting the cash he needed to maintain his hold over the Panamanian Government.

"There is serious damage being done . . . in terms of the financial system but we think the banking system itself will be able to recover," Mr Fitzwater said at his daily news briefing.

His comments came in response to a Washington Post report on Sunday which quoted Panamanian financial experts as saying the US campaign to oust Gen Noriega was doing irreparable harm to Panama's banking industry.

Mr Fitzwater also rejected charges that the financial squeeze – which was tightened by Mr Reagan last week – had proved ineffective.

"The fact that Noriega is still there today does not mean the sanctions have failed," he said. "The fact is the infrastructure is not there to support Noriega and sooner or later he's going to leave."

The US effort to oust Gen Noriega through use of economic sanctions cannot be compared with attempt to force change in South Africa with US sanctions, said Mr Fitzwater.

"The situation is totally different in the case of South Africa, in trying to force a legitimate government to make changes," he said.

In South Africa, he said, sanctions legislated by Congress over President Ronald Reagan's veto "have been applied and they haven't worked" in achieving the objective of ending racial segregation and discrimination.

Mr Reagan declared last Friday that Gen Noriega was a threat to US national security and ordered all Panamanian Government assets in US banks to be frozen and barred American companies, their subsidiaries and US citizens from paying taxes in Panama.

The measures were part of a US drive to help Panamanian opposition groups prevail in a power struggle with Gen Noriega, who was indicted by two federal grand juries in Florida in February on drug trafficking charges.

The US is committed by treaty to hand over the strategic waterway linking the Atlantic and Pacific on December 31 1999.

US to seek compensation for riot in Honduras

THE US will ask Honduras to pay between $4m-$6m to repair damage to its consulate during a riot last week in which five Hondurans were killed, a US diplomat said yesterday, Reuter reports from Tegucigalpa.

Even though local governments are responsible for protecting diplomatic property, Washington has in some poor countries waived its right to reimbursement for damage.

But it was angry at the Honduran government because riot police took more than two hours to arrive to calm the riot on Thursday night.

Honduran presidency spokesman Mr Marco Tulio Romero declined to comment, but an official source said Honduras felt it would be obliged to pay.

The embassy attack was unprecedented in Honduras, traditionally the closest US ally in Central America. Five people were killed, 25 cars wrecked and the consulate was looted and burned.

The embassy attack was triggered by the expulsion of Juan Ramon Matta, a suspected drug trafficker, to the US. Extraditions of Honduran citizens are barred by the Honduran constitution.

On Friday the government imposed a 15-day state of emergency in the capital, Tegucigalpa, and the northern city of San Pedro Sula to quell unrest prompted by what many see as Honduran subservience to Washington.

Both cities were quiet yesterday, police said.

Hondurans went to work as troops patrolled the streets of the capital and an army helicopter flew overhead. About 12 Scorpion tanks were parked by the national stadium in case of disturbances.

Bolivian group kidnaps former provincial chief

GUERRILLAS kidnapped the former governor of Tolima province and vowed to put him on trial for negligence in the death of 23,000 people when the Nevado del Ruiz volcano erupted in 1985, police said yesterday, Reuter reports from Bogota.

Mr Eduardo Alzate Garcia, a 55-year-old lawyer, was apparently kidnapped last Thursday by a previously unknown guerrilla group calling itself the Jorge Eliecer Gaitan Movement, after a leader of the Liberal Party.

Mr Alzate disappeared while driving from Bogotá to Cali, 400km away.

Mr Alzate, who was dismissed from his post two years after the volcano tragedy, was found guilty by the attorney general's office of gross negligence for having ignored scientists' warnings and not having taken precautionary measures.

China sets up venture with Japan and France

Three Japanese companies will establish a joint leasing company in China with Chinese and French concerns, AP-DJ reports from Tokyo.

C. Itoh and Co, a giant trading house, said it would team up with Dai-Ichi Kangyo Bank and Century Leasing System Co, a C. Itoh affiliate, for the project.

Four Chinese companies, including Henan International Trust and Investment Co, will participate in the joint venture, with Crédit Lyonnais of France.

An official agreement will be signed in Peking on April 25, C. Itoh officials said.

The leasing company, Yellow River International, will be capitalised at the equivalent of $5m and will be owned 60 per cent by Chinese and 25 per cent by Japanese companies. Crédit Lyonnais will own 15 per cent.

The joint company, to go into business toward the end of May in Zheng Zhou, Henan province, will import such products as machinery, plants and other industrial equipment and lease them in China with low interest rates, officials said.

The partners expect the leasing company to go into the black during the second year of business. In the first five years it hopes $200m in business.

Drive to export technology at heart of the Lavi

BY ANDREW WHITLEY IN TEL AVIV

THE Lavi, Israel's advanced combat aircraft, was scrapped last year after a marathon tussle with the US, its main financial backer, but its ghost lives on, in the shape of a burgeoning drive to export the home-grown technology at the heart of the aircraft.

Among the countries known to be seriously interested in using Israeli expertise in avionics and on-board electronic warfare systems designed for the Lavi are South Africa, Japan and China.

According to Israeli businessmen involved to the negotiations, separate talks have been going on for many months between Israeli companies involved in the aborted project and representatives of those three countries.

Dozens of Israeli aerospace engineers who had worked on the Lavi have already moved to South Africa.

In the case of China, a flourishing military relationship has developed without any publicity over the past decade, despite the absence of diplomatic relations between Peking and Tel Aviv. As for South Africa, Israeli negotiations would appear to be in defiance of government sanctions announced in March 1987, banning the signing of new military contracts.

What provided the stimulus for foreign interest in an aircraft Israeli officials claimed would be a world-beater was the decision by the state-owned Israel Aircraft Industries last autumn to go ahead with the development of another prototype, along with an even more sophisticated avionics package.

The third prototype, known as the B3 or Lavi Demonstrator, is currently under construction, as part of an $85m (£47m) four-year programme specifically intended for the export market.

According to IAI, the B3 is scheduled to fly next year. Two prototypes, which incorporate Grumman-built wings and tail sections and the new Pratt and Whitney 1120 engine, were built and test flown before the government reluctantly decided last August not to proceed with series production.

South Africa has already built one combat aircraft, the Cheetah, on the basis of the Israeli Kfir - itself a copy of the French Mirage-III.

South Africans are known to have worked at IAI's Ben-Gurion airport facility on the Lavi, although their precise role remains obscure.

Late last year, strong rumours then surfaced that the co-operation between the two countries' defence industries had been extended to the transfer of Lavi technology to South Africa.

Denials were issued by IAI and the Defence Ministry in Tel Aviv, but Western diplomats were unconvinced. A week ago, The Sunday Times reported that China was developing a multi-role combat fighter apparently based on the abandoned Israeli aircraft. Israeli technicians were said to be working at China's military aviation centre at Chengdu on a rotating basis.

In Tel Aviv, the Defence Minister, Mr Yitzhak Rabin, dismissed the newspaper's account of Israeli co-operation on this and other military projects as nonsense, as did the Chinese foreign ministry. But a well-placed Israeli international lawyer claimed the report was substantially correct.

France, UK to finance Amman jet purchase

FRANCE and Britain will finance Jordan's planned purchases of French Mirage and British Tornado combat aircraft, Zeid al-Rifa'i, the Jordanian Prime Minister said yesterday, Reuter reports from Amman.

King Hussein of Jordan signed memoranda of understanding to buy 20 Mirage-2000 fighters and eight Tornados during visits to Paris and London in February.

Mr Rifa'i said: "We have received financing offers from the British and French governments with a grace period and payments over a certain number of years."

He added that Saudi Arabia and other Gulf Arab states were providing no direct financial assistance for the aircraft deals.

Saudi Arabia, which diplomats say had helped to finance some of Jordan's past military spending, pays the kingdom nearly $360m a year to help to meet its chronic budget deficit.

"They [the Saudis] just help the Jordanian budget, which anyway also helps us to meet our commitments," Mr Rifa'i said.

The payments were agreed at the 1978 Arab League summit in Baghdad. Under a 10-year agreement, Jordan was supposed to receive money from several Arab states but only Riyadh has fully kept its pledges.

Romanian leader's trip may boost Australian mineral sales, writes Judy Dempsey

Canberra greets Ceausescu with high hopes

Mr Nicolae Ceausescu, the Romanian president, arrived in Australia yesterday at the start of a week-long state visit that is expected to lead to a significant boost to trade between the two countries.

Australia might seem an unlikely place for the authoritarian leader to visit, at a time when the constraints of the Romanian economy have forced him to cut back sharply on investments and imports. But Australian officials and businessmen are hopeful that they will soon be signing new contracts for exports to Bucharest.

Mr Lang Hancock, Australia's largest iron-ore producer, has already agreed to supply Romania with 58m tonnes of ore over 12 years. He visited Bucharest last year, along with Mr Joh Bjelke-Petersen and Mr Brian Burke, former prime ministers of Queensland and Western Australia.

Mr Hancock's contacts with the Romanians and other East European officials go back to the early 1980s, when he conceived the idea of using the port of Constanta, in southern Romania, to ship iron ore to other parts of Eastern Europe.

He has already installed, at his own expense, new unloading equipment in Constanta at a cost of £11.9m. As soon as the machinery is in operation, he hopes to transport the ore through the Danube-Black Sea canal, whose capacity is about 80m tonnes u year.

What Mr Hancock has to finalise is the price the Romanians will charge for the use of the canal. That will be one of the issues raised when he meets Mr Ceausescu in Perth later this week.

According to Australian officials, the Romanians are considering proposing $10 a tonne, a price that the Australian side is likely to reject as uncompetitive.

The officials say Mr Ceausescu may be forced to lower the price if he wants to make full use of the Danube-Black Sea canal, u project in which his prestige is at stake.

In the meantime, Mr Hancock is pressing ahead with plans to send Romania an initial iron ore consignment of 150,000 tonnes. The rate of supply is due to increase to 5m tonnes per year. The prospects for selling iron ore to other East European countries will depend on price negotiations over the canal.

Apart from the Hancock deal, there is little doubt among Australian trade officials about the potential for expanding trade in other areas.

In 1987, Australian exports to Romania reached A$107m, an increase of more than A$35m over the previous year. Trade officials say the figure could reach over A$180m by the end of 1988. Romanian exports to Australia show signs of increase too. They totalled over A$13m last year.

"As long as we can export and get paid, we don't see any problems to the future," an Australian official said, adding that Romania, after the Soviet Union, is now Australia's second largest trading partner in Eastern Europe.

"And we intend to expand it further. We want to soften up the markets in Romania for our exports. That's what this visit is about," the official said.

Ceausescu:buying Australian

Bank pact to boost joint Soviet-Swedish ventures

BY SARA WEBB IN STOCKHOLM

SVENSKA Handelsbanken, Sweden's third largest commercial bank, has signed an agreement with four Soviet banks aimed at developing Swedish-Soviet joint venture projects.

Representatives from both sides plan to meet regularly in order to discuss possible joint ventures and the means of financing these.

"We will be looking at alternative ways of financing these projects, and designing the financing according to the requirements of each company," said Mr Goeran Hoegvall, who heads the East European section at Handelsbanken.

Two Swedish companies have already reached agreements on joint venture projects in the Soviet Union. Siab, the Swedish construction group, and Reso, the travel agents, will respectively help to rebuild and manage the Europeaska Hotel in Leningrad. The two Swedish groups have a 30 per cent share in the joint venture with Intourist, the Soviet travel agency.

Tetra Pak, the Swedish packaging company, has plans for a joint venture producing cartons in the Soviet Union.

Handelsbanken said it hoped to work closely with the Soviet Bank for Foreign Economic Affairs, the Industrial and Construction Bank, the Agroindustrial Bank, and the Bank for Housing, Municipal Service and Social Development.

Mr Hoegvall said the Soviet Union had shown particular interest in forming joint ventures with Swedish machine tool and construction companies, thereby helping the Soviet Union to reduce imports of such goods and increase exports.

Interest from the Swedish side has concentrated on possible mining and mineral projects in the Kola Peninsula.

Canadian and Swedish deals for Plessey

By David White, Defence Correspondent

PLESSEY, the UK electronics group, yesterday announced Swedish and Canadian defence contracts totalling £6m and a further sale of military radar systems, for an undisclosed sum, to Portugal.

The Swedish deal, worth £4m, is for re-equipping the country's five Sea Serpent class submarines with Plessey's Hydra advanced sonar.

In Canada, where Plessey has estimated its potential market over the next five years at up to £500m, the company is to supply Litton Systems Canada with four Shield naval missile decoy systems, for abont £2m. The equipment, similar to that already provided by Plessey for another Canadian programme, is to be built by Canadian sub-contractors.

At the same time, the company announced that it was to provide radar systems to the Portuguese Air Force for use at Nato air bases.

India, UK plan joint production ventures

By John Elliott in New Delhi

INDIA and the UK yesterday signed a memorandum of understanding for collaboration in defence research and development, which is expected to lead to joint production ventures.

Areas are believed to cover electronics and army equipment including computer software, radar sensors and other tank developments, and new microchip technology.

The UK is a major defence supplier to India and sold equipment worth between £300m and £360m in 1985 and 1986 respectively.

It has been trying to finalise the agreement for three years and recently waived various restrictions on transfer of sensitive high technology in order to reach an understanding.

The signing has been held up since 1985 partly because of problems in foreign relations, including the activities of Sikh extremists in London and broadcasts by the BBC.

Baker, Yeutter to meet on trade bill strategy

BY NANCY DUNNE IN WASHINGTON

Mr James Baker, the US Treasury Secretary, and Mr Clayton Yeutter, the US Trade Representative, were to meet yesterday to plot the Administration's strategy as Congress headed into the final lap of negotiations on the omnibus trade bill.

With President Reagan still publicly threatening to veto "a bad trade bill," one of his officials was quoted yesterday as saying that the Administration would prefer to sign a bill in order to avert the possibility of worse legislation next year.

In his weekly radio speech, the President did not specify any particular measures as "veto bait" but other officials have been lengthening the list of possibilities as they prepare their bargaining chips for a final round of negotiations.

Mr Baker was reported to have predicted that the bill would be vetoed by the President if a provision requiring employers to give 60 days' warning before closing large plants were retained. A Congressional aide close to the negotiations said yesterday that the Democrats were likely to insist that this measure remain in the bill.

The measure could conceivably be modified, he said, but the Congressional leaders will have to keep something in the bill to ensure labour support. Labour has had little of any substance from the huge bill, and it is particularly upset at the loss of the controversial Gephardt amendment, which required the US to take retaliatory measures against nations with large surpluses and employing alleged unfair trade practices.

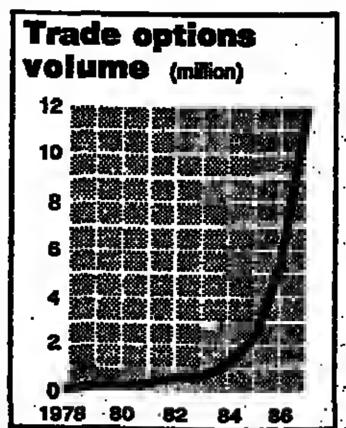
Mr Baker also said the Administration "didn't like" proposed sanctions against Toshiba Corp of Japan which were imposed following the controversy over sales of advanced submarine equipment to the Soviet Union.

He was careful to uote that there were several provisions of the trade bill that the Administration supported. "There are a number of items in the bill which we like," Mr Baker said.

UK NEWS

Alexander Nicoll looks at a market's tenth anniversary celebrations in the City of London

Corks pop but options lose fizz



GIVEN THE options and futures industry's penchant for glitzy marketing, it was to be expected that the Stock Exchange would celebrate the tenth anniversary of its Traded Options Market with some razzmatazz.

In conjunction with Amsterdam's European Options Exchange, which also has its tenth birthday this week, it is taking over London's Limehouse Studios in London today for a one-day conference. The talk will be mostly serious, but the atmosphere festive.

The celebrations come at a somewhat bittersweet time for the options market. After years of struggle, it took off astonishingly when options on British Telecom shares were listed at its privatisation in 1984. Volume more than doubled in each of the following three years. Options on 59 UK equities, three French shares, two gilt-edged stocks and on the Financial Times-Stock Exchange 100 Index are listed.

But since tha stock market crash last October, monthly volume totals have been running well below half the June 1987 peak of 1.36m contracts.

Though the options market functioned through the crash, its performance was criticised in the review by the Stock Exchange's Quality of Markets committee.

It said spreads between bid and offered prices widened sharply; that there were delays in getting information to the options floor; and that market makers took relatively small positions and widened their spreads.

Moreover, investment institutions may now be thinking twice about using options after seeing apparently low-risk positions, designed to make a little extra income out of their equity portfolios, suddenly cause them large losses in the crash.

Mr Nic Stuchfield, a director of UK equities at Barclays de Zoete Wedd and a long-time options devotee, said yesterday that the market had now returned temporarily to the vicious circle from which it suffered for several years: not enough volume to generate liquidity adequate to attract new participants who would generate greater volume.

Even the current reduced levels of options business would be a surprise to most of the members of the Stock Exchange council at the time of the market's inauguration. As one exchange official observes, it was not launched on a wave of enthusiasm but as a result of pioneering support from a handful of people, most notably Mr David Steen, a jobber who spearheaded the market for eight years.

The stuffy old-style Stock Exchange was suspicious of its new offspring, seeing it merely as a playground for speculators, and for years even denied the Traded Options Committee full status within the exchange.

In the long campaign to educate London about the uses of options as risk management tools for use in protecting portfolios, the biggest battle was within the exchange itself.

By now, it has been largely won. Most member firms are prepared to deal in the options market and options are being viewed as part of the stock market.

Many investment institutions have been brought into the fold: a Stock Exchange survey shows that nearly half have at some point used options.

Also largely overcome are uncertainties about methods of taxing options and futures business, as well as restrictions placed by investment institutions own trust deeds or regulations on using derivative markets. Some restrictions, however, will have been reinforced by the crash, like the Unit Trust Association's bar on its members selling "put" options – which give the holder the right to sell shares at a given price.

For the future, there is work to be done on the options markets clearing system, as well as on making arbitrage between the stock and options market easier – another recommendation arising out of the crash.

The crash has, howaver, reinforced the most urgent need for options markets such as the Stock Exchange to educate the investment community about the uses, as well as the dangers, of these volatile instruments.

Government seeks broker to advise on power sale

BY MAURICE SAMUELSON

THE GOVERNMENT is looking for a lead stockbroker to advise it on its privatisation of the electricity industry in England and Wales.

Apart from being the largest privatisation so far – the industry's assets have been estimated at some £37bn – it will also be the most complicated.

It will involve breaking up the Central Electricity Generating Board into two separate generating businesses, a grid control operation and the flotation of the 12 area distribution boards as individual companies.

Other advisers already appointed include merchant bankers Kleinwort Benson; accountants Touche Ross; solicitors Slaughter and May; and engineers Merz McLellan.

Mr Bob Logan

IN OUR article of 23rd July 1987 headed "Midland pays the price for lack of strategy" we made certain references to Mr Bob Logan, the former chief executive of Samuel Montagu. The article refers to his choice of Electronic Banking Systems (E.B.S.) to supply computers to Samuel Montagu prior to "Big Bang".

We should like to clarify that at the time when he put forward E.B.S.'s name, Mr Logan was not aware of any consultants' report on Samuel Montagu's or Greenwell's computing needs.

We should also like to make it clear that Mr Logan's relationship with E.B.S. was the normal arms-length banker/customer relationship, and that Mr Logan had no financial interest in that company.

Further, there was no connection between the appointment of E.B.S., and Mr Logan's departure from his position at Samuel Montagu.

We apologise to Mr Logan for any distress caused by any misunderstanding arising out of the article.

Rover's cash surplus may present takeover hurdle

BY KEVIN DONE, MOTOR INDUSTRY CORRESPONDENT

ROVER GROUP, the UK state-owned vehicle producer which is to be taken over by British Aerospace – subject to approval by the European Commission – will be left with a significant cash surplus from the planned injection of £800m in new capital by the Government.

The provision of state aid over and above the money needed to wipe out Rover Group's accumulated debts, could provide a significant sticking point in Government efforts to gain early approval for the deal from the Commission.

The Rover Group annual report, published yesterday, shows that the company had almost halved its net borrowings by the end of 1987 to £560.2m from £1.108bn a year earlier.

When the conditions for the BAe takeover were announced two weeks ago, Lord Young, Secretary of State for Trade and Industry, said only that the £800m cash injection would be used to deal with the group's "accumulated indebtedness."

The annual report suggests, however, that there will be a surplus of £239.8m, after the group's net borrowings are wiped out. BAe has agreed to pay £150m for Rover Group after the state capital injection, which would reduce the surplus on a consolidated BAe/Rover group basis to £89.8m

The annual report provides new fuel for critics of the BAe/Rover deal, who have accused the Government of disposing of Rover at "a knock-down price."

It could also strengthen the case for intervention by the European Commission, which has taken a tough line on state subsidies likely to distort competion.

The Commission made clear last month that it had given its approval for the French Government to write off FFr20bn (£1.9bn) of Renault debts on the grounds only that "no fresh money will be injected into the company for operational or investment purposes."

The surplus would have been even greater if Rover Group had not changed the way in which it presents its report and accounts.

The 1987 annual report has restated its net borrowings figure for previous years to include for the first time under this item "advances from associated finance company" in respect of "finished vehicles on consignment."

This shuffling of balance sheet items effectively inflates the net borrowing figure by £155.8m. Without the change in accounting practices, the cash surplus left from the £800m capital injection, after the wiping out of Rover Group debts, would have been £395.6m.

The publication of new financial data on Rover Group led some UK analysts to increase further their pre-tax profit forecasts for the Rover Group

These had already been sharply raised on the disclosure of the Government's financial terms for the disposal to BAe.

Jaguar strike looms as talks falter

BY RICHARD TOMKINS, MIDLANDS CORRESPONDENT

THE THREAT of a strike at Jaguar, the luxury car maker, loomed yesterday as talks aimed at averting industrial action broke up with management and unions in deadlock over the company's plans for increasing productivity.

Jaguar said that no further talks were planned and that it would start speeding up production lines at its Coventry assembly plant from next Monday without union agreement.

In an earlier ballot, the 4,400 production workers voted by more than two to one to strike if the management went ahead with its original plans'

A senior union official said that the unions regarded this vote as a mandate for strike action if the management went ahead with its plans.

ITV company to drop accords

BY JOHN GAPPER, LABOUR STAFF

TYNE TEES Television announced yesterday that it was pulling out of national pay and conditions agreements from June 30, and said its four staff unions would jeopardise their own recognition if they refused to negotiate fresh local deals.

The announcement, which came as senior managers of the regional independent television companies met to consider a proposal allowing national agreements to be undermined by local packages, produced a mixed reaction from the unions.

The Beta studio and clerical staff union said its Tyne Tees shop (branch) would discuss an emergency motion to the union's ITV divisional conference next week calling for limited industrial action to resist threats to national agreements.

However, the ACTT film and television technicians' union said it was prepared to start local talks on a replacement pay and conditions agreement.

Mr Chris Stoddart, Tyne Tees director of resources, resigned as chairman of the ITVA's industrial relations committee yesterday, at the same time the company announced that its was pulling out of ITVA agreements.

The national agreements were among documents submitted to the Monopolies and Mergers Commission by the Government for its investigation, announced two weeks ago, into film and television industry working practices under the 1973 Fair Trading Act.

EXPANSION IN FUEL RETAILING TAKES NEW ROADS TOWARDS HIGHER VOLUME AND MORE SERVICES

Heron to spend £100m on petrol stations

BY STEVEN BUTLER

MR GERALD RONSON'S Heron International, one of Britain's largest private companies, is planning to spend £100m to build Britain's biggest chain of independent petrol retailers.

Mr Ronson said yesterday that Heron would build 150 stations in the next three years to add to its existing chain of 60 stations. His aim is to create a national network which would stretch into the north of England from the current base in the South.

Mr Ronson is due to appear in court today over the Guinness affair.

The expansion programme comes at a time of considerable ferment in the petrol retailing industry as hundreds of small, low-volume sites are being closed each year while the market moves to high-volume stations on major roads.

Each of Britain's major petrol retailers, Shell, Esso, and BP, is engaged in a capital investment programme aimed at upgrading service stations to allow for the provision of ancilliary services, ranging from car washes to the supply of fast foods.

The Heron chain would, however, be by far the largest directly operated network. Petrol stations are typically operated on a licence basis or by independent dealers on behalf of the major oil companies.

Mr Ronson is credited with starting a minor revolution in petrol retailing in 1966 when he introduced the first self-service petrol stations. Heron has opened more than 400 service stations, although most have been sold off over the years.

Mr Ronson said that the concept was to operate an integrated chain of petrol retailing outlets offering a range of services from large convenience shops, car washes, and free oil changes. The possibility of installing automatic teller machines is under discussion with several banks.

Petrol would be sold under the Heron brand for the first time, and Mr Ronson said he was negotiating to arrange for long-term supplies of petroleum products to be brought in from the continent to supplement UK supplies. Other Heron brand motor products would also be on offer.

Heron would aim to price its products slightly below that of the big oil companies, although would not attempt to compete at the bottom end of the market.

Mr Ronson also said that a new promotional programme would begin in June whereby customers could gain price cutting deals with Trusthouse Forte, Dixons, Peter Dominic, Texas Homecare, Sketchley's and Butlins.

The deal is to be financed from internal funds and by loans from Midland Bank and NatWest.

Mr Ronson said that about 1,500 new jobs would be created by the expansion drive, with two thirds in areas of high unemployment. Heron would also take part in the new Employment Training scheme. This would create 150 training places which could lead to full time jobs.

The company aimes to build Heron Service Stations such that they would account for 20 per cent of Heron's group turnover, which stands at £1.2bn.

Heron's expansion programme comes amid fresh accusations that the UK petrol retailing market is not entirely open to free and fair competition.

Gerald Ronson: Driving force behind a national network

The latest charges come from the Petrol Retailers Association, which represents filling station licensees and independent petrol dealers, and it has so far resulted in an inquiry by the House of Commons trade and industry committee. If the association is not satisfied it will call for a full investigation by the Monopolies and Mergers Commission.

The association argues that licensees and independent dealers are getting a raw deal and places the blame on market domination by the big refiners and retailers.

The hearings and the PRA have, however, so far have skirted the issue of precisely how one establishes that the market is restrained from competition.

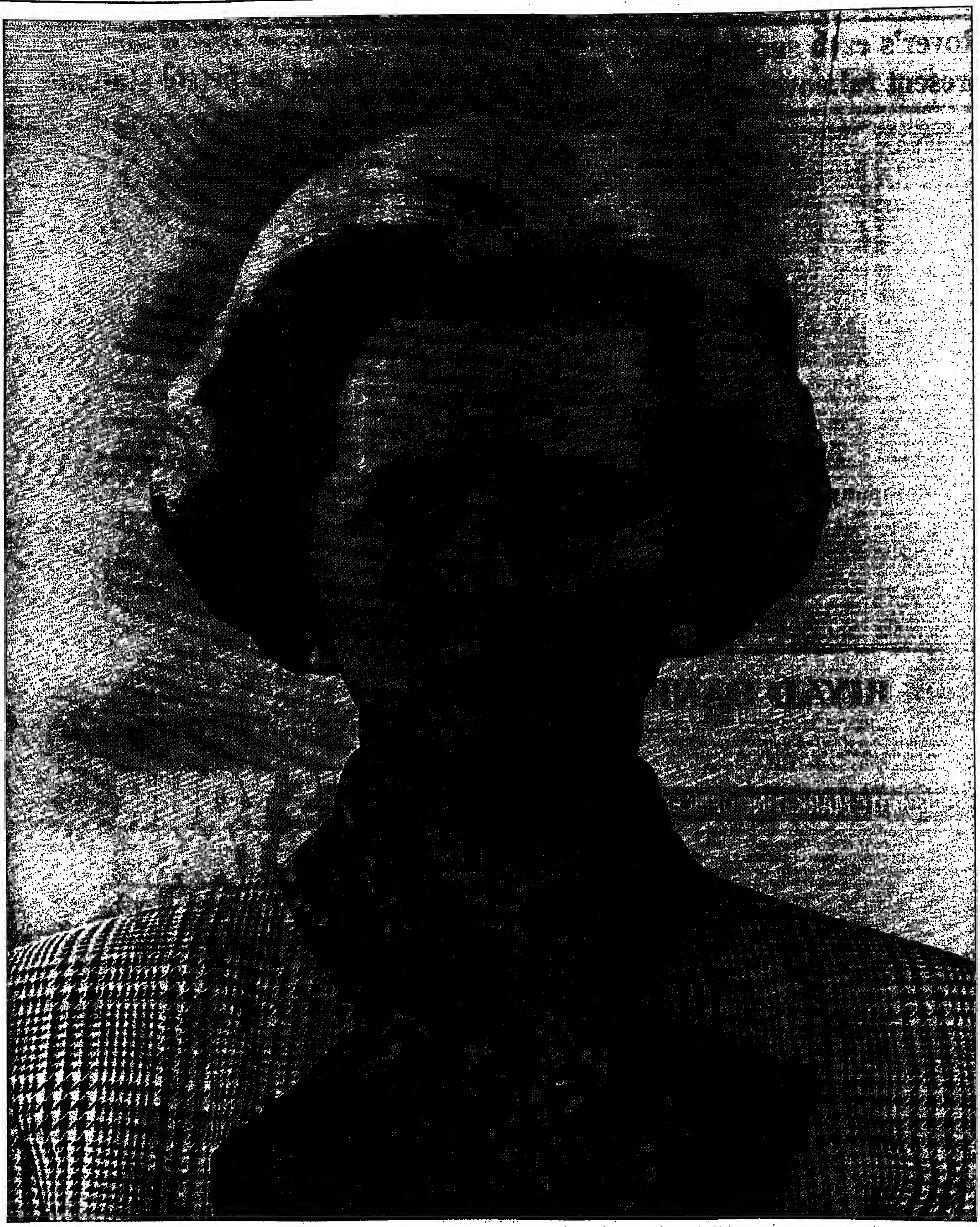
The committee has raised what it seems to assume is a damaging statement by the Royal Automobile Club, who all agree is an independent witness. The RAC has said that all the big players in the market tend to follow the lead of a big oil company which raises prices, and then all gradually climb down a little in the face of public criticism. The implication is that there is et least tacit collusion on prices among the companies.

The difficulty with this sort of observation is that the RAC description could suffice for a general description of the wey most markets work. If prices are to go up – or down – for any commodity or product someone has to be first. It would be more disturbing if all announced identical price changes at the same time, although even this could happen if all are reacting to an identical change in underlying market forces.

If laggards did not quickly follow the lead it would also be rather strange, and probably not a sound business strategy.

The committee has been asking the oil companies if they consider themselves "price leaders." Kuwait Petroleum was the first to fall into this trap, saying that as a smaller player in the market it was a follower.

Shell, which admits its share of the market et 20 per cent is about as high as the Office of Fair Trade is likely to allow, said it was the discount retailers who led on prices. But the concept of a "price leader" in a competitive market is hard to pin down.



UK NEWS

Prices of manufactured goods show sharp upswing

BY RALPH ATKINS

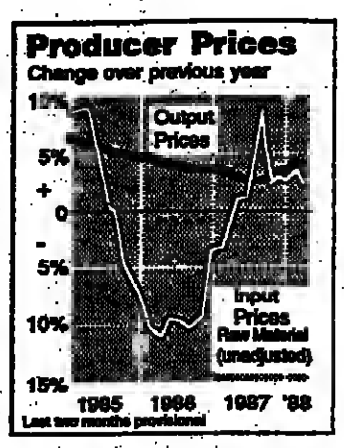
PRICES OF manufactured products last month rose at the fastest annual rate for more a year, as shown by official figures published yesterday.

Output prices in manufacturing industry increased by 4.1 per cent in the year to March, according to provisional statistics from the Department of Trade and Industry. That was higher than any month since February 1987 and compared with annual rates of 4.0 per cent in February this year and 3.8 per cent in January.

The figures suggest upward pressure on retail price inflation may be growing – although manufactured products form only part of the basket of goods that make up the retail price index.

Between February and March, factory gate prices increased by 0.5 per cent compared with a revised 0.4 per cent increase in the previous month.

Changes in duties announced in the budget increased factory gate prices by less than 0.1 per cent in March, the DTI said. However the Budget's impact will be greater in April – adding an estimated 0.3 per cent to the output prices index.



The upswing in output prices last month was accompanied by a slowdown in price rises for materials and fuel bought by manufacturers. The widening gap suggests companies were taking advantage of strong demand in the economy to increase profit margins.

Material and fuel prices fell by a seasonally adjusted 0.7 per cent in March. The annual rate of increase dropped to 2.3 per cent compared with 3.4 per cent in February.

Factory gate prices in coming months are likely to be affected by the strength of the pound. As imports become cheaper, UK manufacturers might be forced to moderate price rises to order to remain competitive.

"We may be at the peak for output price growth because of the rise in sterling, which is obviously going to squeeze manufacturers' margins considerably," said Mr Kevin Boakes, chief UK economist at Greenwell Montagu.

In March the index of output prices stood at a provisional 155.9 (1980=100) compared with a revised 155.2 to February. The index of input prices (not seasonally adjusted) was at 131.2 (1980=100) against 134.0, while the seasonally ajdusted index stood at 130.9 (1980=100) in March against 131.8 in February.

Medical researchers facing 'disastrous' shortfall in funding

BY PETER MARSH

THE UK pharmaceutical industry is likely to suffer as a result of severe problems in both morale and funding among academic researchers involved in basic medical disciplines, according to a report today from the House of Lords science and technology committee.

The committee gives a warning that unless the Government takes steps to improve matters the results could be "disastrous" and could affect the UK pharmaceutical business, a successful industry with net exports of about £800m a year.

The business could fail to obtain from the academic research establishments the staff and scientific support it needs for its own development-oriented research, on which the industry spends about £700m a year.

One effect of this could be, says the committee, that companies transfer to other countries some of their own research activities, which are concerned mainly with work linked to specific drugs or physical ailments.

To tackle the funding problems, the committee says the Government should provide an extra £75m over the next three years to modernise medical research laboratories to universities and other public-sector research establishments.

The committee, which to the past year has been strongly critical of the Government's stance on several areas of basic research and development, including funds for space science, says "an atmosphere of despondency" exists in many parts of the medical research community.

This poor morale, which is leading significant numbers of leading medical researchers to emigrate, particularly to the US, has been caused partly by shortages of money from public-sector authorities.

The Medical Research Council, the main government body providing cash for the discipline, has an annual budget of about £140m. It says it needs an extra £40m to keep medical research on a secure footing.

The Department of Health and Social Security funds medical research worth about £20m a year.

"Neither the National Health Service nor the DHSS demonstrates any awareness of the importance of research nor is prepared to devote time, effort and resources to promote it, save only when an immediate saving of money is in prospect or when public concern, as in the case of AIDS, forces its hand," says the committee.

According to the report, universities and other academic establishments should do more to attract research funds from industry. The committee says, however, that it is reasonable for drugs companies to look to the Government to support basic studies to pure science areas like physiology and medicine.

"Pharmaceutical companies are not willing to fund a national research base directly," the report warns. "They would rather find another country where the research base is properly funded, where there are enough good scientists being trained through the university system, and enough good scientists in the university system, for their needs."

In general the committee supports the view that medical research should be organised around particular sciences rather than around problems. "Better results will be achieved by supporting good ideas and advances in science as they arise, rather than by concentrating on recognised problems regardless of whether promising leads are in prospect."

Nonetheless, the National Health Service does not have a suitable mouthpiece to propose research programmes from the standpoint of the wider medical community, the committee believes. It therefore proposes a new National Health Research Authority, to be organised under the NHS and along similar lines to the Health Education Authority, to advise on new research initiatives.

Support for the view that the Government should increase spending on basic medical research came yesterday from Dr Trevor Jones, director of research and development at Wellcome, the UK drugs company.

He said the Government should contribute an extra £100m to £200m for medical research in academic establishments over the next few years. Dr Jones was speaking at the formal launch of a report from the Association of the British Pharmaceutical Industry detailing the industry's own research efforts.

Editorial Comment, Page 28

Temporary careers become a way of life

By Our Labour Editor

HIGHER-PAID temporary workers increasingly see temporary employment as a long-term career, according to a survey carried out for Brook Street, the employment agency.

The survey, which coincides with the launch by the agency of a new scheme giving more permanent employment conditions to some of its temporary workers, says that more temporary workers than ever before – as many as 28 per cent of those surveyed – now regard themselves as professional employees.

As many as 83 per cent of the temporary workers surveyed say they enjoy temporary work, giving the breadth of employment experience (chosen by 25 per cent) and flexible hours (20 per cent) as the most important benefits.

Brook Street said yesterday that those higher-earning temporary workers take a particularly positive and increasingly long-term view of temporary employment.

Ms Diana Cornish, Brook Street managing director, said: "Temporary staff are becoming more and more highly skilled and, therefore, more aware of their long-term potential.

"The trend for the 1990s is a move away from temping as a breathing space between jobs and more towards the type of work that is both challenging and rewarding, and career-orientated."

To capitalise on this, the agency yesterday launched what it claimed is the first-ever scheme in the UK to combine the benefits of permanent employment with the flexibility of temporary work.

The scheme, which the company has been running as pilots for a number of weeks in selected areas, will give selected temporary workers guaranteed employment and holiday and sickness pay.

Large lenders wait on home loan rates

BY DAVID BARCHARD

TWO OF Britain's largest building societies, the Abbey National and Nationwide Anglia, yesterday held back from cutting their mortgage rates, apparently waiting to see how the markets would develop in the next few days.

However, a reduction of some sort on building society mortgage rates is now widely regarded as inevitable, and there were predictions yesterday that the large building societies would make their minds up about how far they should cut their rates by the end of this week.

Cuts to mortgage rates to borrowers may be followed by a reduction in the interest paid on savers' deposits.

Meanwhile the Mortage Corporation, a mortgage company owned by Salomon, the investment group, yesterday cut its mortgage rate for new applicants to 9.25 from 9.75 per cent. Rates to existing borrowers will fall to 9.25 per cent from June 1.

Meanwhile National Home Loans Corporation, the largest of the mortgage-selling companies, yesterday launched £100m mortgage programme, lead managed by Citicorp Investment Bank.

The loan is described as a "private mortgage passthrough programme" under which the funds are directly utilised for mortgages. It incorporates an option allowing the borrower to liquidate the the loan through the Sanwa Bank of Japan either one year or seven years after signing.

Britoil board reshuffle underpins Scots identity

BY MAURICE SAMUELSON

BP HAS announced sweeping changes on the board of Britoil, the North Sea exploration company which it took over this year after a protracted public dispute with the Government.

The new chairman will be Sir Robin Grieve Duthie, chairman of the Scottish Development Agency. Apart from underlining the company's Scottish identity, the appointment meets an agreement with the Government that the new non-executive chairman should not be apointed from inside BP.

Sir Robin replaces Sir Philip Shelbourne. BP also confirmed its appointment, as Britoil's new chief executive, of Mr William Saint, the present chief executive of BP Petroleum Development, who succeeds Mr David Walker.

Last night, Mr Malcolm Rifkind, Scottish Secretary, described Sir Robin as "an ideal choice" as chairman.

Only three members of the previous Britoil board survive the reshuffle – Mr Malcolm Ford, financial director, Mr Robert Spiers and administration director Mr Jeremy Evans.

Seven other new non-executive directors will be proposed at the April 26 extraordinary general meeting of shareholders. They are:

● Sir Lindsay Anderson, deputy chairman of Lloyds Bank;
● Lord Arbuthnott, Lord High Commissioner of the general assembly of the Church of Scotland;
● Mr Basil Butler, BP managing director;
● Sir Campbell Fraser, former Dunlop chairman;
● Dr Graham Hills, vice-chancellor, Strathclyde University;
● Mr Ian McCutcheon, former Shell group controller;
● Mr James Miller, chairman of the Scottish-based Miller construction group.

The new chairman-designate said last night he thought BP was keen to honour the commitments it made during its hostile £2.5bn bid for Britoil.

London site sold for £50m

BY PAUL CHEESERIGHT, PROPERTY CORRESPONDENT

BRITISH RAIL Property Board has made its most valuable land sale. It announced yesterday that Parc Securities of London would pay £50m for an 8.3-acre site called Battersea Wharf, on the south bank of the Thames.

Fifteen companies tendered. This degree of interest and the price eventually paid – about £6m an acre – underlines the strength of the property market in central London.

The land is flanked by a railway line and Battersea power station on one side, and a main road and Battersea Park on the other.

Parc Securities inherits a plan for the development of the site agreed last year by representatives of the Property Board and Wandsworth Borough Council, the local planning authority.

This provides for a hotel and residential accommodation on the front part of the site, facing the Thames, and for offices at the rear.

The company is a relative newcomer to the British property industry. Established in January 1987, it is privately-owned and backed financially by Mr Werner Rey, the Swiss financier.

Omni Holding, the company bringing together Mr Rey's financial and industrial interests, has an annual turnover of about SFr 1.7bn (£657m).

British Rail is earning progressively more from its property activities through the Property Board, both as a seller of surplus land and as a developer, usually in joint ventures with property companies.

UK NEWS

Companies wait for steel as quotas delay deliveries

BY NICK GARNETT

MANUFACTURING companies in the UK are continuing to suffer from delays in steel deliveries, partly because of European Community production quotas which are restricting output from the British Steel Corporation at a time of rising demand.

Some steel users which would like deliveries from BSC at around six to eight weeks are having to wait up to 10 weeks, or sometimes longer.

Smaller companies are also being forced to hunt for steel supplies, including from other European producers but are hampered by delivery quotas between countries within the EC.

Mr John Safford, the director general of the British Iron and Steel Consumers Council, said yesterday that the supply position had eased from the delivery problems experienced in the middle of last year.

However, many manufacturing companies were enduring increased inventory costs because they were holding reserve stocks of steel in order to cope with delivery difficulties still affecting the market.

The main types of steel affected by slowness in deliveries are hot-rolled coil, used in a wide range of engineering industries, cold-rolled sheet, used in the vehicle and white goods sectors, and heavy sections, which are principally purchased by building and civil engineering companies.

These steel types are covered by EC production quotas which will continue until at least June but which are also the subject of discussions within the EC on whether they should be extended.

Mr Safford said that in the middle two quarters of last year, steel demand in the UK rose 20 per cent, while in West Germany it fell by 10 per cent.

This pattern of demand, in which the need for steel has grown in the UK while remaining stagnant in many other European countries, has continued since then though not to the same marked extent.

BSC has been given extra quota for a number of products during the second half of last year. The EC has also been encouraging other European steel suppliers to sell their quota to the corporation.

This has not been enough to meet demand though, and the corporation, like every other EC steel producer, faces fines for exceeding production quotas.

The overall market for some types of steel in Europe has also improved and this in itself is exerting pressure on supplies.

Mr Safford said there had been a significant increase in demand for coated products, partly because of increased car production in Europe and partly because of a general shift away from uncoated to coated products.

Alcan may raise can recycling capacity

By Kenneth Gooding, Mining Editor

BRITISH ALCAN Aluminium is considering expenditure of up to £25m on equipment to encourage the recycling of used aluminium beverage cans in the UK, according to Mr Douglas Ritchie, the chief executive.

At present only about 5 per cent of the 20,000 tonnes of aluminium used in beverage cans sold in the UK is recycled compared with 60 per cent in the US.

British Alcan could use the metal because it uses about 300,000 tonnes of aluminium a year but produces only 170,000 tonnes.

However, whereas in the US the beverage can market is almost entirely supplied by aluminium, in the UK demand is shared equally between aluminium and steel cans. The steel variety must be separated before aluminium containers can be recycled.

Canners and their customers, the soft drinks and beer producers, seem to prefer the status quo because of the competition this generates between the steel and aluminium industries.

British Alcan says "tens of millions of cans, mostly made of steel," are imported every year to the UK.

Users apparently believe that extensive recyling of aluminium would be almost certain to swing the beverage can market in favour of that metal.

Mr Ritchie says British Alcan is almost certain to enlarge the capability of its aluminium recycling plant at Warrington, Lancashire, in the north of England, to create a "pull" effect by offering about £500 a tonne for used cans.

This should encourage scrap merchants to sort steel from aluminium cans and for local authorities to provide "can banks" and employ sorters, he suggests.

The small percentage of cans currently recycled are mainly provided by charitable organisations which run special projects.

Mr Ritchie says British Alcan's new plant would at first probably have to operate with used cans imported from the US.

So far the UK is the only important European market which has moved to aluminium beverage cans – the others prefer either steel or glass containers.

But Sweden is also a big market and mandatory deposits ensure that 90 per cent of aluminium cans are recycled.

Industry creates 5,300 new Ulster jobs

By Kieran Cooke in Belfast

AMID ALL the troubles of Northern Ireland there was some good news yesterday with the publication of the latest figures on job creation in the province.

The Industrial Development Board for Northern Ireland said that in the past year companies had made commitments to create 5,300 new jobs, the highest figure since the IDB was formed in 1982.

Nearly 50 per cent of the jobs will come from companies with headquarters outside Northern Ireland.

Mr John McAllister, the IDB's chief executive, said that 12 new companies had agreed to set up in the province over the past year despite what he described as continuing difficulties with Northern Ireland's image.

"There is evidence of progress on every front. Northern Ireland has a flourishing private sector and progress is possible," said Mr McAllister.

The IDB gave assistance of nearly £100m in the year to the end of March in an effort to create jobs in Northern Ireland.

Overall unemployment has been dropping slowly in recent months but the province still has the worst figures in the UK with 17.6 per cent out of work.

The unemployment black spots continue to be Strabane, with nearly 40 per cent unemployed, and Newry, where more than 30 per cent are without jobs.

On certain housing estates in West Belfast and Londonderry the unemployment rate is more than 70 per cent.

Matsushita to lift output of microwave ovens

BY TERRY DODSWORTH

MATSUSHITA, the Japanese manufacturer of the Panasonic range of household electronic equipment, is planning a 200 per cent increase in its UK microwave oven production at its plant in Cardiff, South Wales.

The decision to expand comes only a year after the facility was opened in response to the rapid growth of the microwave oven market in Britain, now approaching 2m units a year. As a result, capacity at the plant will be increased to about 300,000 units a year from the initial level of 100,000.

Panasonic is established as one of the leading brands in the microwave oven market, where the Japanese have been under pressure to increase their investment in Europe because of the high level of imports.

The company recently announced a separate investment in a new factory at Port Talbot, also in South Wales, to make high voltage transformers, one of the more expensive components in a microwave oven. These will be used to supply the Cardiff plant.

Matsushita UK said yesterday that investment had already begun on the expansion of its operations in Cardiff. It could not give any indication of the impact on employment, but the facility currently employs 100 people, while the Port Talbot plant will have a further 150.

The Japanese company has recently been expanding its manufacturing capacity rapidly in the UK and Western Europe.

Glaxo expands research

BY PETER MARSH

GLAXO, Britain's biggest pharmaceutical company, is to announce today details of plans to build a new UK research and development centre, in Stevenage, Hertfordshire, north of London.

The laboratory, to be be finished by the early 1990s, will act as a focus for the company's research activities, at present spread around two centres in the UK and other facilities in the US and Italy.

Glaxo is heavily increasing its research and development spending, which is expected to rise to £220m this year from £149m in 1986-87.

Rolls-Royce wins aero orders

BY MICHAEL DONNE, AEROSPACE CORRESPONDENT

ROLLS-ROYCE has won new orders for aero-engines worth over £60m, including spares.

Air New Zealand has selected the RB-211-524G engine for its single Boeing 747-400 long-range jet airliner now on order. Rolls-Royce says this will result in £40m of business, spread over the life of the airliner in service.

Rolls-Royce has also won £22m of new business from Monarch Airlines, the charter airline based at Luton Airport, which has ordered the Rolls-Royce RB-211-535E4 engines for another two Boeing 757 twin-engined medium-range airliners to add to the six 757s already in its fleet.

The total cost of the Monarch aircraft will be about $92m (about £50m), and they will be delivered this month in time for the summer tourist season.

Boeing itself also announced yesterday that it has won new business from another UK charter airline, Orion Airways, part of the Bass leisure group, which has ordered one more 737-300 twin-engined short-to-medium range airliner, worth about £15m.

This brings Orion's fleet of this type to six aircraft, in addition to its two Boeing 737-200s and two Airbus B-4s.

The aircraft will be delivered this month, and will be based at Manchester Airport (Orion's main base is East Midlands Airport), where it will be used for European charters. Orion expects to carry over 2m passengers this year.

FT LAW REPORTS

Digest of cases reported in the Hilary Term

FROM FEBRUARY 23 TO MARCH 9

ITT Schaub Lorenz and Others v Birkart Johann Internationale Spedition GmbH & Co KG and Others
(FT, February 23)

The case concerned the despatch of goods, subsequently stolen in transit, from West Germany to Newcastle. The plaintiff senders issued proceedings in the UK against nine defendants, all carriers by road. However only the third defendant was served, as a carrier who had contracted to perform the whole of the international carriage. It was thus subject to liability under the Convention on the Contract for the International Carriage of Goods by Road ("CMR"). The fourth defendant sought unsuccessfully to have the notice, served by the third defendant against it, set aside. The Court of Appeal held that it appeared reasonably possible that the fourth defendant had made itself party to the contract of international carriage and was therefore liable for loss occurring at any stage and even where it had employed other persons, not its servants or agents, for the carriage of the goods.

Katzenstein Adler Industries (1975) v The Borchard Lines Ltd and Others
(FT, February 24)

A writ issued by the plaintiffs not only misspelt their name but also misstated the country in which they were incorporated and from where they carried on business. In refusing an application by the defendants that the amended writ be struck out, Hirst J stated that the case fell within Order 20 rule 5 as a genuine mistake. So to hold was consistent both with the justice of the case and with common sense since no harm had been done and no one had actually been misled. Moreover, although the amendment was made after the time limit had expired, it was none the less valid and related back to the date of the original issue of the writ within time: Order 20 rule 5 was quite general in its wording and was not in terms limited to Limitation Act cases so it could apply in the present instance which depended on a contractual limitation period.

Re TR Technology Investment Trust Plc
(FT, February 26)

TR Technology Investment Trust plc obtained an *ex parte* order, after commencing proceedings by originating summons, for freezing its shares under section 216 of the Companies Act 1985. The grounds for the application were that despite repeated requests for information from a nominee company, Firmandale Investments Ltd, TR Technology had still been given no commercially plausible information of who was the real owner of 27 per cent of its shares. Prima facie, a company had an unqualified right to know who its true share owners were (see *Geers Gross [1978] 1 WLR 1649*) and, in the event of insufficient information, it would be entitled to a restriction order, Hoffmann J stated. In the instant case, however, Firmandale had subsequently offered a limited undertaking not to dispose of the shares pending trial of the originating summons. Subject to that undertaking, the restrictions would be discharged.

Barclays Bank Plc v Quincecare Ltd and Unichem Ltd
(FT, March 1)

The plaintiff bank sued the borrower, Quincecare Ltd, and the guarantor, UniChem Ltd, on a loan of £400,000 which the bank had agreed to lend against the purchase of four chemist shops. The money was misappropriated by the chairman of Quincecare after he had given oral and written instructions to the bank to transfer the funds to his order. In giving judgment for the bank, Steyn J stated that it was an implied term of the contract between bank and customer that the bank would observe reasonable skill and care in executing the customer's orders and should refrain from so doing where the banker was "put on inquiry" in the sense that there were reasonable grounds (though not necessarily proof) for believing that the order was an attempt to misappropriate funds. In the present case, however, there was nothing in the history of the matter which should have put the bank on inquiry as to the chairman's honesty.

Den Norske Creditbank v Sarawak Economic Development Corporation
(FT, March 2)

The defendant was a statutory corporation with power "to do all things expedient or reasonably necessary . . . to the discharge of its duties and in particular . . . to guarantee, within such limits as may be fixed by the minister, any loans made by the bank . . ." The plaintiff sought summary judgment under RSC Order 14 of a guarantee of a loan in excess of $4m. In rejecting the corporation's argument that the guarantee was *ultra vires*, Mr Justice Phillips stated that if a statute was to prevent a statutory company from exercising powers which were naturally intended for the pursuit of its objects, not only was clear wording required but, in granting the guarantee, the corporation was plainly acting in a manner "expedient to the performance of" its statutory duties.

The Goring
(FT, March 4)

The House of Lords dismissed an appeal by the plaintiffs and upheld a decision of the Court of Appeal that they were not entitled to sue for salvage when they rescued the Goring in non-tidal waters on the Thames. Repeated stipulations in the Merchant Shipping Acts and the Civil Aviation Acts were inconsistent with there having been a cause of action for salvage service rendered in non-tidal waters; moreover the Supreme Court Act 1981 restated the Admiralty Jurisdiction of the High Court in terms similar to those used in section 1 of the 1956 Administration of Justice Act which had not altered the substantive law. Thus if the statutory provisions had the effect of limiting the scope of the cause of action to services rendered at sea or in tidal waters, it was not open to their Lordships to extend that scope. Any such extension had to be made by the legislature.

Sumitomo Bank Ltd v Rabobank Nederland
(FT, March 8)

An irrevocable letter of credit was opened by an Egyptian bank, Banque Misr, in favour of Dutch sellers that called for shipping documents and that sanitary certificates for the butter all should be issued by the Dutch Government. The plaintiff bank in London confirmed the letter of credit. The plaintiff drew attention to the defendants, the sellers' agent, that the sanitary certificates were not in order, but paid thereafter on assurance that the sellers assumed full responsibility for discrepancies. As a result of this assurance, the Court of Appeal held, the plaintiff was entitled to interest for the period between the valid rejection of the original documents by the buyers and the re-tendered documents when the sellers forwarded fresh sanitary certificates. However, the agent was not liable for the failure of the issuing bank to examine the documents within a reasonable time after the fresh sanitary certificates had been presented.

Holmes v Bangladesh Biman Corporation
(FT, March 9)

Mrs Holmes contended that damages awarded for the death of her husband, killed on an internal flight between two cities in Bangladesh on a Bangladeshi airline, was not limited to the contract between Mr Holmes and the airline as manifested by his ticket, notwithstanding that the contract was made in Bangladesh and governed by Bangladeshi law. Article 3 of the 1967 Order which comprised Schedule 1 to the Carriage by Air Acts stated that it applied "to all carriage by air, not being carriage to which the amended Convention applies." In upholding a first instance decision in Mrs Holmes's favour on a preliminary issue, the Court of Appeal stated that the language used in the Order and in Schedule 1 could not have been more comprehensive, and that no presumption against extra-territoriality could survive a straightforward reading of those provisions.

The two previous parts of this digest appeared on April 5 and April 8. It will conclude tomorrow.

Aviva Golden

Why techno-babble makes no sense

Louise Kehoe explains how acronyms for innovative products baffle consumers and hold back market penetration

THE COMPUTER industry's penchant for inventing an ever-changing array of acronyms and technical terms sometimes seems to be designed more to protect the "expertise" of industry insiders than to provide shorthand labels that describe new and often complex technologies.

The problem is particularly apparent in emerging branches of the industry. As new technology makes the leap from laboratory to commercial applications it tends to bring with it a legacy of "techno-babble" created by developers who had little need to communicate except among themselves.

Such innovators seem to enjoy the "clubby" atmosphere of specialist conferences where they can talk a language all their own. By making it virtually impossible for ordinary mortals to appreciate the potential of their technology, however, they run the risk of limiting or delaying the growth of broad markets for their products.

"Artificial intelligence", which gives computers the ability to make human-like judgments, is a branch of the industry that has suffered this fate. Only when AI has been stripped of its mystique and incorporated in traditional software has it found acceptance as a commercial product.

Makers of specialist computers designed for AI applications, as well as several publishers of AI software programs called "expert system" have been forced to retrench in recent months. Their lack of communication with potential customers may prove to have been e fatal flaw.

Read not write

The emerging "CD-ROM" industry is another example of a sector of the computer business that is in danger of becoming so tied up with its own technical concerns that it fails to achieve commercial success.

CD-ROM stands for "Compact Disc Read Only Memory", but the product that labours under this mouthful is simply a computer version of the compact discs that have become so popular among stereo enthusiasts. While audio compact discs hold music, their computer peripheral cousins hold pages of text and graphics that can be displayed on a personal computer screen.

At a recent conference held in Seattle, Washington, and sponsored by Microsoft, the world's largest publisher of personal computer software, industry executives debated for three days why CD-ROM has so far failed to "take off" as a mass market product. Privately, a few of them acknowledge that the root of the problem has been a lack of understanding of what end users really want and failure to communicate the potential of the technology.

The major advantage of CD-ROM is its vast storage capacity. A single CD-ROM disc can store up to 550 Megabytes (550m characters) of data. That is the equivalent of 1,500 standard floppy data storage disks, 270,000 printed pages of information, 100m words, or 200lbs of paper.

Proponents of CD-ROM technology, including the manufacturers of CD-ROM "drives" or players, personal computer manufacturers, computer software publishers and information publishers, see vast potential in this new data storage medium. They envisage CD-ROMs as the key to the "home" computer market, and as a major new publishing medium for business reference materials.

Which among them, then, could have thought up a name for this technology that instead of highlighting its capabilities, points out its limitations? As the cumbersome title suggests, CD-ROM discs can only be read. They cannot be updated, or "written" on by a computer. The CD-ROM medium is analogous to the printed text, while magnetic "floppy" or "hard" disks represent the computer equivalent of a notebook.

Developments are under way to create compact discs that can be written on. They are called "WORMs" for "write once read many times", yet another inspiring title.

On the edge

CD-ROMs have been perched, ready to take off in the mass market, for three years but, so far, most sales have been limited to specialist applications such as legal, medical and educational databases. Eucyclopaediae, atlases, bibles and other standard reference works have also been published on CD-ROMs, but these seem to offer little advantage – except size – over printed versions. High prices and the lack of any really compelling CD-ROM titles have combined to limit the technology's appeal.

The recent entry of Apple Computer, Tandy and Atari into the CD-ROM business is, however, giving disc publishers a major boost. Apple, in particular, is expected to draw worldwide attention to the potential of CD-ROM. Atari, meanwhile, has crashed beneath the $1,000 price barrier for CD-ROM drives with a $800 unit.

It may be too late to change the name of CD-ROMs, but at least the marketing muscle of these personal computer makers can be expected to communicate the potential of this new technology to the outside world.

Hyping the system

Apple Computer's ability to transform laboratory technology, such as CD-ROM, into commercial products has been well demonstrated by its Macintosh computer.

The Macintosh "grephical interface" with its "icons", "pull down menus" and "mouse" pointing device, which Apple is now trying to protect with copyright infringement suits against Microsoft and Hewlett-Packard, owes much to a computer program called "Smalltalk", developed at the Palo Alto Research Center of Xerox in the late 1970s.

As an early investor in Apple, Xerox granted the personal computer company broad license to use its technology. Apple's ability to package and market that technology has turned out to be one of its key strengths.

Today, Apple is turning the concept of "Hypertext", conceived at the Massachusetts Institute of Technology in the 1970s, into a commercial reality with its "Hypercard" program.

Hypercard is designed to enable Macintosh users to build, organise and manipulate databases. The key idea shared by both Hypertext and Hypercard is the ability to link data in dozens of different ways to produce a flexible system for searching through masses of information.

The first two commercial application programs based upon Hypercard, "Business Class" a business travel directory, and "Focal Point", a personal desktop organiser, both published by Activision, only scratch the surface of what Hypercard can do. But each is intriguing.

Focal point, in particular, comes close to providing a computerised model of the way business executives really work by helping them to keep track of several different developing situations at the same time. Look up the phone number of an individual using this program and you get not only the number, which can be automatically dialled, but also your notes on previous meetings and phone conversations.

The combination of Hypercard and CD-ROM is causing great excitement among software developers who see the two products as perfect partners. While Hypercard provides a means of searching and sorting large databases, the CD-ROM is capable of storing those databases.

Businesses and government agencies have been quick to recognise the potential of this combination. Arthur Young, one of the "Big Eight" accounting firms, for example, has a contract with Knowledgeset, a CD-ROM publisher, to produce a CD-ROM version of its Hypercard-based auditor's reference materials.

"The volume of internal reference materials used by our staff is becoming virtually unmanageable," explains Chris Veal, an Arthur Young executive. "The ability quickly to search enormous quantities of information will significantly enhance our productivity and efficiency." Arthur Young's first CD-ROM will include audit manuals, accounting precedents, tax manuals and professional literature.

EAGLE EYE

And what's more

Even before CD-ROM makes it past the starting gate, however, there is another generation of compact disc-based technology heading toward commercial production. This incorporates video and audio as well as text and graphics on a single compact disc.

DVI, for Digital Video Interactive, has been developed by General Electric which recently demonstrated an advanced prototype version of the system.

Using a set of custom designed semiconductor chips, GE has developed circuit boards that plug into a standard IBM-compatible personal computer to enable it interactively to select material from the multi-media compact disc. The result is a system that could, for example, be used in education as an instructional aid, or in marketing and sales to provide product information and demonstrations.

A competitive approach, developed by Philips of the Netherlands and Sony of Japan, focuses upon the entertainment value of such multi-media presentations. CD-I, for "Compact Disc Interactive" is a stand-alone unit, rather than a computer add-on.

Philips plans to introduce CD-I development products this year, with a full-scale consumer product launch scheduled for the summer of 1989.

Naming names

Naming new computer products is becoming problematic for even the largest and most established corporations. Motorola, a stronghold of the US electronics industry, made an eleventh-hour, fifty-ninth-minute decision to change the nomenclature assigned to its new microprocessor architecture last month. The chip, which is scheduled to be announced later this month, will be called the "88000", rather than the "78000".

The numbers do not really matter, but the care with which Motorola's lawyers assigned a title to this new chip signals its importance to the company. The "88000", represents Motorola's entry into the "RISC" or "Reduced Instruction Set" microprocessor market.

RISC is a fundamental shift in the "architecture" of microprocessors. Until recently, microprocessor designers tried to come up with increasingly comprehensive sets of powerful "instructions" that their computer chips could handle. Now, in a radical break from past practice, they are trying to simplify the instruction sets.

The theory behind this change is that simple instructions, executed faster, are more efficient than complex instructions that take longer to perform.

The switch has turned the microprocessor industry on its head. Industry leaders, Intel and Motorola, are scrambling to catch up with upstarts such as Sun Microsystems and MIPs Computer Systems, each of which has won significant computer industry support for their RISC processors.

This month, however, both Motorola and Intel are expected to retaliate with their own RISC chips. The result is likely to be a "battle royal" in the tradition of the early days of the US semiconductor industry before the "Japanese Threat" forced US chipmakers to close ranks.

This sounds like a measure that has the market taped

BY DAVID DODWELL IN HONG KONG

THERE IS no knowing what HRH Prince Talal Riyadh of Saudi Arabia is working on at the moment, but it seems clear that Don Weiss's "Digitape" plays a very large part in it.

The prince has just ordered 192 of these uovel measurement devices – which suggests he is rather impressed with this high-tech answer to the metal measuring tape. It also suggests that he has a rather large home.

Production of Digitapes started in the small Hong Kong factory of Measurement Specialties (MSL) in November last year. Since then, the international do-it-yourself groups, Houseworks and Stanley, have been buying virtually everything MSL can produce.

"We are making 8,000 a day, and hope to get new capacity in China to increase output," says Weiss, who first set up MSL as a modest engineering concern in New Jersey in the US. The company went public on the Nasdaq exchange in 1986, and Weiss set up his Hong Kong factory just a year ago.

His Digitape is essentially an ultrasonic measuring device that works on the same principals as an autofocus camera. The pocket-sized gadget transmits an ultrasonic signal, which bounces off a target object and reflects back. A built-in electronic stopwatch measures the time it takes for the signal to return, converts that to either feet, inches or metres, and displays the distance on a small built-in screen.

Similar gadgets bsve been devised before – indeed one of them has a built-in voice to tell you the distance – but these have been aimed at professional users like surveyors, and none is on sale in DIY shops at a comparable price (between US$40 and US$50).

The Digitape does virtually everything the eteel measuring tape does, but strips away the cumbersome antics that go with a tape that bends, droops and wavers as you try to size up a room for, say, carpeting, painting or wallpapering. Where with a steel tape you always need a second person to hold one end of the tape, the Digitape allows you to do all the measuring alone.

You put the flat back of the Digitape at the point from which you want measuring to begin, press the button, and within a fraction of a second, the distance to a selected target can be read on the screen. If your target is in the middle of a room, then it will be necessary to put a flat surfaced object on the target point to provide a surface for the beam to bounce back off.

MSL's Digitape has built into it an ultrasonic meter made by Polaroid, and used in its Spectra camera. Weiss insists that the infra-red metering devices used in many Japanese auto-focus cameras are not accurate enough. His Digitape measures up to 30 metres, and independent tests have shown that it is accurate to within one per cent.

If a room is longer than 30 metres, then it can be measured by standing in the middle, pointing the Digitape both ways, and doing some simple addition. Soft surfaces like curtains and some kinds of acoustical ceiling tiles may absorb the beam, and cause inaccuracies. Turbulent air currents can also distort the signal, so MSL advises that users should avoid taking measurements in front of air-conditioning outlets, for example.

The fact that the signal passes through soft surfaces has actually been turned to MSL'S advantage by Weiss. He is negotiating with John Deere, the US tractor maker, to supply a similar device to be attached to the bumpers of farm vehicles. The unit is likely to be most valuable when the vehicles are travelling through fields of ripening crops. It will give an alarm if any large rock or log is approaching expensive equipment being hauled through the field, but will not be affected by the crops the vehicle is travelling through.

A further application likely to be offered in General Motors and Ford cars in the US from 1991 is a parking helper that is fitted at various points along the vehicle's front and rear bumpers. Warnings will be given to drivers as they edge close to another vehicle while attempting to park.

With a built-in lithium battery, the Digitape need never be opened. An important source of wear and tear has therefore been removed, and there need be no constant checks to make sure batteries are fully charged.

FINANCIAL TIMES SURVEY

New launches are transforming the magazine industry. The women's magazine sector, in particular, has been stimulated by European competition. There has been spectacular growth, too, in the newspaper colour supplement market, reports **Raymond Snoddy**

Magazine Publishing

Sleepy sector springs to life

THE MAGAZINE industry in the UK is showing remarkable signs of life and growth. After years of stagnation and even decline in some sectors, and a relentless downward trend in share of the total advertising cake won by magazines, there is a new mood of confidence in the industry.

New launches, rising circulations and growing professionalism are transforming the outlook for an industry that, according to the Periodical Publishers Association, is now worth an annual sum approaching £2bn at gross market values (although some estimates are considerably lower).

"Magazines have definitely come to the fore in the last year and advertising agencies have noticed that circulations are rising and that new launches are being successful," said Mr Tim Gold Blyth, chairman of the PPA and chief executive of the Argus Press Group which publishes more than 150 magazines ranging from Mother and Baby to Foundry Trade Journal.

An indication of the potential for growth came in a recent survey of the future personnel needs of the magazine industry. The survey suggested that an industry which at the moment employs about 20,000 people will increase in size by between 12 per cent and 15 per cent over the next two years.

To Mr Harold Lind, a media consultant who has watched the magazine industry for many years, the current resurgence amounts to "the greatest return from the dead since Lazarus". There is general agreement that the greatest excitement and the fiercest competition is in the women's magazine sector and that it has all stemmed from the arrival of European publishers in the UK led by the Bertelsmann magazine subsidiary Gruner + Jahr.

Traditional British magazine publishers were first startled by the success of the Gruner + Jahr monthly Prima, followed by the weekly Best. Bella, also from West Germany, followed and this month they will be joined by Hello, a contender from Spain.

No fewer than six new women's titles are due to be launched this year. The effect so far has been to stimulate the market and increase its overall size, and the long-awaited response by the giant of the industry, IPC, to the overseas invasion, the new monthly, Essentials, has also been a notable success. This, however, could be the year when the limits of growth and the limits to available advertising revenue become more clearly defined.

The successful image the magazine industry is now presenting to the world seems at odds with the harsh statistics of advertising share.

In 1981 consumer magazines took 7.1 per cent of total advertising revenue and by 1986, the last year for which figures are available, the percentage had fallen to 5.4 per cent, with 5.2 per cent expected for last year.

Trade and technical publications, or the business press as they now preferred to be called, showed much greater stability – 7.3 per cent in 1986 compared with 7.9 per cent in 1981.

The apparent "decline" of the share of the consumer magazines is misleading on two counts. There has been a large expansion of the total advertising cake, now worth more than £5bn a year, which has meant growth in cash terms for the magazine industry.

Even more important has been the spectacular growth of the newspaper colour supplement market – magazines given away with newspapers. Advertising revenue from these magazines is counted in with that of the newspaper industry.

Marketing Week, the specialist weekly which last month celebrated its own 10th anniversary, recently listed the Top 30 consumer magazines based on display advertising revenue calculated on rate card prices.

Six colour supplements were in the top 10 with Sunday Express Magazine, You Magazine, Sunday Times Magazine and Sunday Magazine generating more than £200m at official rate card prices.

More are on the way. Mr Robert Maxwell, publisher of Mirror Group Newspapers, has recently promised a full colour magazine for the Sunday Mirror and a colour section for The People. Hamfield Publications is planning to launch Plus, a magazine for inserting into major regional dailies.

Many in the magazine industry believe they have done well to withstand such an onslaught and still to be planning for growth.

Free magazines, not connected in any way with newspapers, are also showing remarkable signs of growth. Many in the industry expected free magazines to be as important in the longer run as the free newspaper movement.

By 1987 there were nearly 500 free magazines with a total circulation of 60m, excluding Sunday supplements. The Association of Free Magazine Publishers believes they now account for more than £100m a year in advertising expenditure. They range from magazines given out at London tube stations, such as Metropolitan, to free magazines given out at stores such as Texas magazine, and magazines for home buyers such as Exchange Contracts.

Maxwell Communication Corporation last month paid £17m for 91 per cent of Home and Law Publishers, the company which publishes a string of free magazines such as Exchange Contracts and paid-for titles like The Gardener. Home and Law was previously controlled by the Ladbroke Group.

Last November Mr Maxwell paid £34.8m for United Trade Press, publishers of a chain of 36 trade and technical magazines ranging from Architect's Journal to Electronic Express.

Although there always seems to be room for a new idea at the cottage industry margins of the industry, the Maxwell purchases are examples of what many see as the increasing trend towards concentration and the possible emergence of as few as 10 or 12 major international players willing to pay high prices for a strong position in the market.

Magazines, if successful, have the enormous attraction of generating interesting cash flows without being capital intensive.

Reed International, owners of IPC, have identified publishing both of magazines and books as the core area of their business and have pulled out of a number of manufacturing areas such as paint and reinvested in publishing.

Last month, for instance, Reed agreed to pay £28m for magazines such as Family Circle and Living Magazine from the International Thomson Organisation.

Reed's expansion in the specialist consumer and business and professional magazine markets in the US has been even more dramatic. The $40m purchase of American Baby was followed last year by the acquisition of Modern Bride for $50m.

Despite all the ferment in the magazine industry, when it comes to launching new magazines there are still no guarantees – quality is not enough and market leadership can become all-important.

The legal profession in Britain was startled last year to find out that it was about to get not one but two new news magazines devoted to their affairs – Law Magazine and The Lawyer.

Law Magazine was widely praised and its editor Marcel Berlins won the Publisher's Award for Entrepreneurial Magazine of the Year.

The magazine has just been closed by its owners Sweet & Maxwell, the legal publishers.

Although there will always be casualties, the magazine industry is confident that it can take an increasing amount of advertising revenue from television as the costs of airtime soar.

The industry could, however, be about to face renewed competition from newspapers as the move to colour printing gathers pace.

CONTENTS

Illustration: Simon Stern

The launch of Prima marked the beginning of a spate of women's magazine new titles

Leaf taken from European book

ABOUT FIVE years ago a senior executive of IPC Magazines, Britain's biggest magazine publisher, made a gloomy forecast about the future of the women's magazine market. At a time when sales were declining and television looked ever more powerful he said the woman's weekly magazine clearly would be dead by the end of the century.

It is difficult now to imagine such pessimism, as company after company queues up to launch new titles into a market which, so far at least, seems to be expanding to accommodate them.

This month Emap, the magazine and regional newspaper company, launches More, a fortnightly women's magazine aimed at the 18-24 market and designed to give readers of Emap successes such as Smash Hits, Just 17 and Looks something to move on to as they get older.

At the end of the month Hello, the latest of a series of European invaders of the British women's magazine market, will make its debut in the UK. The weekly, from the Spanish publishing company Hola, will actually be printed in Madrid but will still have an editorial lead time of only three or four days to accommodate important news pictures such as the Swiss avalanche that engulfed the friend of Prince Charles.

In July Murdoch Magazines (UK) will launch New Woman, the first magazine to be published by Mr Rupert Murdoch's new British magazine company. Aimed primarily at ABC1 women in their mid-twenties, New Woman will be based on its US parent acquired in 1984 which has a circulation of 1.2m.

The following month European Magazines, a joint venture between IPC and Marie Claire Album will launch UK Marie Claire, the British version of the French fashion magazine. And then, for good measure, IPC Carlton Magazines plans to launch yet another title, Riva, later in the year.

"The market is buoyant. We have invested heavily in product quality and the consumer is being offered better value for money," says Mr John Mellon, chief executive of IPC Magazines. He has spent the past couple of years restructuring the Reed International publishing division which many regarded as the "sleeping giant" of the industry.

The beginnings of the enormous attention now being paid to the women's magazine market can be dated fairly precisely to September 1986 when the Hamburg-based publishing company Gruner + Jahr, part of the Bertelsmann Group, launched Prima in the UK.

It was a very "un-British" magazine, aimed in a classless way at the mass market, full of short items to read and things to make and do, including a regular knitting pattern. Its demise was confidently predicted but, instead, it went on quickly to establish itself as the top-selling monthly. The audited circulation figures for July to December 1987 still put its circulation at over a million.

The remarkable thing is that the success of the new entrants does not seem to have been at the expense of the main established titles

Gruner + Jahr repeated the trick last August with the successful launch of Best, a weekly based on the company's successful French magazine, Femme Actuelle, aimed at the general interest market.

As Mr Rolf Paltzer, managing director of Gruner + Jahr in the UK said at the time: "Prima exceeded all our expectations by far but the fact that there has been all this shouting about it has attracted everyone else."

Those attracted included the company's West German rival, Bauer, which has successfully established its British title, Bella, with a circulation of around 600,000.

The IPC response came in January with the launch of Essentials, a monthly which combined some of the elements of Prima, such as a dressmaking pattern, with an innovation – the distribution of a ring binder with the first issue and file pages to keep on everything from recipes to health.

At the time, Mr Mellon guaranteed advertisers a circulation of 500,000. In fact, he says, 750,000 copies sold out within days. The second issue quickly sold 900,000 and a reprint was ordered because of the rate of sale.

The Essentials print run has now been increased to 1.4m although this is partly designed to test the limit of the market.

The most remarkable thing about the women's market is that the success of the new entrants does not seem to have been at the expense of the main established titles. All the television promotion appears to have stimulated additional sales or, at the very least, encouraged casual buyers to buy more frequently.

Despite the German competition, IPC weekly titles Woman and Woman's Own showed year-on-year circulation increases. In the monthly market Woman and Home had its third successive circulation increase and Ideal Home rose to 267,003 – an increase of 35 per cent and the highest sale in the magazine's 67-year history.

As a further indication that the well-established titles have not exactly been swept aside, Good Housekeeping, the National Magazine Company monthly, says it topped the adult readership charts in the second half of 1987 with a total adult readership per issue of 2.69m.

Mr Terry Mansfield, managing director of National, part of the Hearst Corporation of the US which set up in the UK in 1910, emphasises the strength of established brands and fears a shake-out in the women's magazine market as advertising rate cutting intensifies.

"I used to think there is a book in everyone. Now it seems there is a magazine in everyone," says Mr Mansfield who has studiously avoided new women's launches.

"Advertisers are not increasing their budgets to the volume of the new entrants. Pressure on ad rates in publishing is very strong indeed. Brand leadership is going to be everything," says Mr Mansfield. His own titles include Harpers & Queen and Cosmopolitan, as well as Good Housekeeping, which alone took £10m in advertising last year.

Mr Mansfield is, however, very interested in acquisitions in the sector. He recently sprinted to the offices of International Thomson to meet an auction deadline clutching a £25.25m letter of intent for a package of magazines including Family Circle and Living Magazine.

He made it in time only to be beaten by a £28m bid from Reed – a further indication of how highly womens' magazines are being valued at the moment.

Raymond Snoddy

Essentials' extra is a ring binder. Marie Claire will be a UK version of the French fashion magazine

Legal magazines

Quality does not guarantee survival

THE PRECARIOUSNESS of magazine publishing has been thrown into sharp relief by the decision of Sweet & Maxwell, the legal publisher, after only 11 months to close down its widely-praised Law Magazine.

Last year Law Magazine, under the imaginative editorship of Marcel Berlins, won The Publisher's award for Entrepreneurial Magazine of the Year when it was described as "a genuine example of that generally overworked term 'new concept'".

It was, the citation said, "written in a style that cannot fail to engage legal professionals, but at the same time offers fascinating and understandable reading to a broader audience."

Law Magazine's first issue last May proclaimed its intention to "break the mould": to be a current affairs magazine about legal matters and not just a professional journal for lawyers.

When it was abruptly killed off its subscription list was pushing 3,000 and it was selling about another 5,000 copies via newsagents, news-stands and university and specialist bookshops.

Its demise is a sad indication that quality, an adventurous approach and high editorial standards are no guarantee of survival in a harsh commercial publishing environment.

Announcing the closure, Sweet & Maxwell – part of Associated Book Publishers, which was bought by International Thomson last autumn for £210m – said that "the cost of supporting a regular fortnightly magazine of this style and quality has been considerable, and revenues have been slower to come in than had been hoped.

"Despite several months of consideration, it has not proved possible to find an acceptable commercial basis for future publication."

Law Magazine was one of two newcomers that burst upon the somewhat somnolent world of legal journalism within weeks of each other about a year ago. The other was The Lawyer which, describing itself as "the first news magazine ever to be published for lawyers", was a Campaign look-alike that appeared to have taken to heart the old provincial newspapermen's adage that "names and faces sell papers".

The newcomers entered a field that was difficult to categorise. It could be divided into the "paid-fors": New Law Journal, Solicitors Journal and Law Magazine; and the "giveaways": the Law Society's Gazette and The Lawyer.

Another division would be into "how-to" magazines, concerned with matters of legal practice: New Law Journal, Solicitors Journal and the Gazette; and those more concerned with issues, news and gossip: Law Magazine and The Lawyer.

Looked at yet another way, all, with the exception of Law Magazine, were fairly conventional trade mags, aimed exclusively at lawyers. By contrast, Law Magazine was seeking to attract non-legal as well as legal readers – an attempt to ride two horses that made it the most adventurous, in concept, style and content, but also, one suspected – and as has now proved to be the case – the most vulnerable.

The Lawyer is published by Mayfield Publishing, part of the Centaur Communications Group. It distributes about 18,000 copies fortnightly – the bulk going free to assistant solicitors in private practice and lawyers in local and national government, commerce and industry, but with some on subscription to solicitor partners.

Editor Lindsey Greig started The Lawyer because he believed there was room for a magazine for lawyers along the lines of Accountancy Age or Campaign. The formula was to be lots of jobs ads and lots of news about solicitors and their firms.

Twelve months later Greig is satisfied that he can compete successfully for a profitable share of the legal recruitment advertising. And, he says, editorially "the feedback is that people are really interested to read about what other solicitors are doing".

He also believes The Lawyer is meeting a need for hard news about developments affecting solicitors. Regular features now include information about the potential for solicitors in the provision of financial services, an information technology page, and City Update, which tells readers which solicitors firms are acting in takeovers and acquisitions, new issues and Unlisted Securities Market flotations.

The undoubted market-leader in terms of circulation is the Law Society's Gazette, which has a head start over its rivals in that it is the official organ of the Law Society, the solicitors' professional body, and therefore required reading for the Society's members.

Around 65,000 copies go out each week to those members, who constitute the bulk of practising solicitors. It has a regular 80 pages, with a strict 50-50 balance between advertising and editorial. Most issues also have an eight-page appointments supplement.

The Law Society also publishes the monthly Guardian Gazette, circulation about 85,000, which goes to all practising solicitors, whether Law Society members or not, barristers, judges and legal executives.

Sheila Pratt, the Gazette's editor, says that it has been unaffected by the new magazines. "We do things that none of the others do. Wa are the official purveyor of information from the Law Society and we also aim to give comprehensive coverage and interpretation of legislation.

New Law Journal has been in the field since 1965. It has an 8,500 subscription list but claims a readership of around 33,000. Part of Butterworth, the legal publisher, it is regarded as one of the livelier magazines in the field, with an independent editorial stance.

Editor Paul Brown acknowledges that there was a gap in the market and that there is now more competition for advertising. But, he says, NLJ is holding its own largely because it is "a technique journal" relied on by its readers for practical information about how to do their jobs.

Roughly two-thirds of its income comes from subscriptions and one-third from advertising.

Solicitors Journal, part of the Longman stable, has a circulation of over 6,000, almost wholly on subscription, but claims a readership four or five times larger.

Now in its 132nd year, SolJ as it is popularly known, has, while continuing to target solicitors and their professional needs, widened its scope by introducing a regular news section and paying more attention to topical issues.

Its editor, Julian Harris, denies that its re-vamp last May had anything to do with the increased competition. It resulted, he says, from the magazine's own observations of changes in the profession.

"We decided it was time we made ourselves look more modern and lively." There is within the profession, he says, a much greater awareness of clients' needs, the business aspects of practice and the activities of other solicitors.

"In those circumstances people like their professional journals to give them a lead, and that is what Solicitors Journal is seeking to do."

Raymond Hughes

Advertising

TV loses business to magazines

MAGAZINES HAVE had a lot to offer advertisers during the past year – new titles, growing circulations, livelier editorial, improved market research, more flexible production, better colour – and the opportunities have not been neglected.

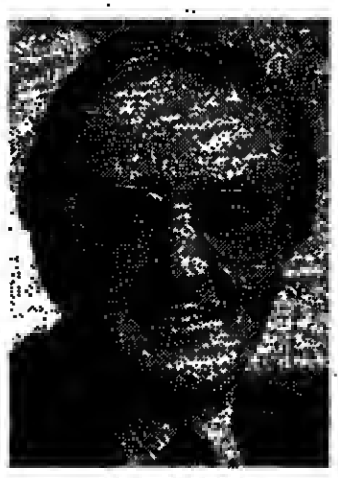
The Advertising Association estimates that spending on magazine advertising in 1987 was some 10 per cent higher than in 1986, with business and professional publications taking around £408m, and consumer magazines mopping up another £301m.

Forecasts for 1988 have been a little cautious since last autumn's stock market crash. But optimism has gradually been restored as the months have passed with no signs of a serious setback to spending. Estimates for 1988 now seem to have settled on a 7-9 per cent increase, with business and professional publications, despite their reliance on recruitment advertising, at the top end of the range.

The magazine sector has burst into life with opportune timing. For the past couple of years, discontent has been growing among major television advertisers. The costs of television advertising have been soaring; and at the same time, audiences have been falling, becoming older and more down-market. Despite promises of better programme scheduling, audiences have fallen off again in the first two months of 1988.

Soma advertisers have now stopped complaining and begun to act, diverting money from television into other media. Figures compiled by Media Register, in association with Marketing magazine, show that Britain's 100 biggest advertisers spent 2.6 per cent less on television commercials last year.

Magazines have undoubtedly benefited. Mr John Mellon, chief executive of IPC Magazines, says that his group won new business last year from such inveterate television advertisers as Kelloggs, McDougall, McVitie, L'Oréal, and C&A. "Many traditional TV advertisers have been having a fundamental rethink about their marketing programmes," Mr Mellon says. "They have been remarkably loyal to TV. But the decline in audiences – which is now turning into a slump – has dramatically raised the costs of air time. The advertiser has got to spend a lot more to get the same strike rate."



Mr John Mellon

Consumer magazines, dominated by women's titles, have always held powerful attractions for advertisers of foods, health and beauty products, fashion and jewellery. That appeal has been reinforced by recent launches in the sector.

"There is an immense amount of activity," says Simon Andrews, a director of Yershon Media Buying. "From the advertisers' point of view, there should be great benefits from the range of choice. The question is whether all these newcomers can find a place in the market while, at the same time, existing titles remain viable."

Competition will certainly be fierce; and it could degenerate into an advertising discount battle, particularly if the expected overall rise in advertising revenue does not materialise.

The cost of keeping up with the pace is already looking expensive. Five women's magazines were themselves in Britain's top 500 advertisers last year, according to the Marketing/Media Register report. To maintain its position in the women's weekly market, IPC's Woman spent £2.3m in advertising compared with £1.2m the previous year. Its German-owned competitors, Bella and Best, spent £1.5m and £1.35m respectively. Woman's Own (£1.8m) and Woman's Realm (£1.4m) were the other big spenders.

While battling among themselves, the consumer magazines also face intensified competition from the Sunday supplements. The colour magazines of The Observer and Sunday Telegraph have both been relaunched recently.

But the effects of competition, so far, have been to produce more interesting and livelier magazines – and more market-orientated publishers.

Magazines are thus not only providing advertisers with bigger audiences in the desired social groupings, but giving them more help to get their message across. Colour printing is better, deadlines later. Production methods are more flexible, allowing ever more precise targeting of special audiences alongside the coverage of mass markets. The use of market research is growing fast; and computerised sales and distribution systems provide a fast feedback to publishers of consumer reactions.

Mr John Mellon, chief executive of IPC Magazines, illustrates the changes at IPC. "We have moved out of gravure into webb offset, giving us much greater production flexibility," he says. "We can now target advertisements with much greater precision. If an advertiser wishes, they can be inserted just in the copies to be distributed in one particular region or city.

"The production changes have enabled us to increase the use of colour dramatically and made it cheaper.

"Computers now play a vital role in sales and distribution. There is rapid two-way communication between head office and field force. Extra demand can be quickly satisfied; and there is important marketing feedback. The performance of all our major titles can be measured and analysed day to day.

"We are using market research to a much greater extent than before. The money that has to be invested these days in the launch of a magazine such as Essentials, for instance, means that you have got to maximise its potential."

Mr Mellon says: "Magazines were a very inflexible medium. But all that has changed. We are now market-led and computer-driven. You have to satisfy the customer, meet their needs – and that means advertisers as well as readers."

Philip Rawstorne

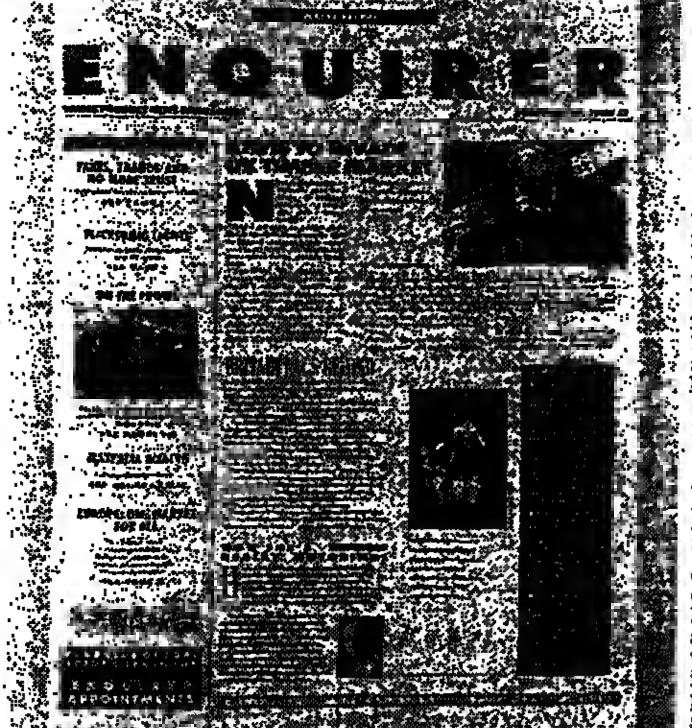
Business magazines

Battle fought to shed second-rate image

IT IS only recently that business magazines – "trade and technical" as they used to be known – have come out of hiding to proclaim themselves as a medium to be taken seriously.

The struggle has been long and hard for the publishing industry's traditional poor relation, a sprawling sector which embraces 3,162 titles. But it is fast gaining professionalism in a market increasingly dominated by multi-million pound publishing groups, even if the battle to ditch the remainder of its second rate image has yet to be won.

The business press currently reckons to take 35 per cent of all business promotional spend in a market worth £1bn. It is now being forced to come out and fight in order to protect its market share.



Building Enquirer: stylish new addition

Although advertising revenue has grown roughly proportionately to the national press in the last four years to £373m in 1987, according to the Advertising Association, better reproduction and the recent introduction of on-the-run colour in the nationals is threatening to woo advertisers away.

Out of the 3,000 titles listed in British Rate and Data, 300 are believed to take 80 per cent of the total business. Many, but not all of these, are owned by publishing giants such as Reed International's Reed Business Publishing, International Thomson, Emap and two United Newspaper subsidiaries Morgan-Grampian and Benn Publications.

Recent months have seen the giants adding to their strength by snapping up smaller publishers – often for the sole purpose of gaining one profitable title. This trend has seen an increase in competition between the publishing houses as they crowd into the same markets.

Battles are often bitter. The sector has always been fiercely aggressive. That is one reason why its progress has been slow: instead of selling against other media, business publishers have preferred to expend their energy on fighting their own kind.

This is not to diminish the role of the business press, however. How, after all, has it managed so far to wrest the holy grail of the annual high frequency advertising campaigns from the national press with 40-50,000 circulations fighting 500,000 circulations?

The answer lies in targeting. Chief Executive of Emap Business Publishing Mr Gerry Murray sums it up: "against the national press we are a sniper's rifle compared to a blunderbuss. Lack of wastage summarises the value of the business press."

With around 90 per cent of business magazines now operating with controlled circulations, the targeting argument is a strong one. It is a beautifully simple concept. Publishers can tell an advertiser exactly who is going to be reading his advertisement by sending the magazine free to named individuals with specific job titles. The system has gained efficiency over the last 15 years as publishing houses have installed advanced computer systems to look after the circulation data and provide an effective way of keeping it up to date.

It works fine, in theory. Unfortunately, the business press has very little research to prove that after the magazine has landed on the right desk, it is opened and read. Only two markets, agriculture and medicine, have reliable independent readership surveys to help advertising agencies assess individual titles. Other media, particularly the press and television, are amply served by established and respected research.

"Our clients want us to prove that advertising is working. Of course you have greater credibility if you go forward to them with a campaign backed up with analysis and figures," protests Mr Michael Smithwick, managing director of Nicklin Advertising, a specialist advertising agency.

Mr Smithwick claims that 60 per cent of Nicklin's business now goes to the national press compared with just 10 per cent three years ago. One reason for this is the lack of data on business magazines. "There is a pent-up demand for more information," he says.

Mr David Lowe, deputy managing director at Ayer Barker, an agency which also handles a series of major business accounts, forsees trouble ahead. "While I think the revolution in the national press is too recent to work its way into conventional media planning and thinking yet, the developments will begin to pose some questions."

The British Business Press, a marketing umbrella set up in 1986 by 19 top publishers, is addressing itself to generic problems such as this one. But it argues that researching the business press is a more complex task than in any other medium.

BBP's Executive Director Mr Ted Atkinson says: "It would be impossible to conduct research into most specialist markets. There could never be a large enough sample size or a long enough questionnaire. But Mr Murray believes there must be some changes: "The next 10 years will see a quantum leap change in the quality of the business press in terms of editorial readership research. If we don't do that, we deserve to get stuffed by the national press.

To find out who reads the business press and why, BBP conducted its own research in 1987 and came up with some persuasive results. Out of 700 main board directors of £10m companies, 79 per cent rated it above the national press for new ideas, while 70 per cent rated the advertising as an essential part of their publication. That is certainly not the view many people hold about the national press or television where ads are generally considered to be an intrusion.

Bob Findlay, Chairman of BBP and Managing Director of Findlay Publications explains: "The editorial environment of a business magazine reinforces the objectives of an advertiser. The reader has his mind on business problems and the editorial is giving treatment to the same concepts that the advertiser is promoting."

Response to advertisments can also be measured, usually by way of pre-paid reader enquiry cards at the back of the magazine. These provide advertisers with tangible sales leads and publishers with valuable circulation data.

But there is more to a business magazine than number crunching. Readership still remains the key to success. As Mr Murray says: "You succeed by producing the right editorial product. If you've got the readership and the professionalism surrounding it in the marketing and selling of the advertising, you've won the battle."

Yet there are still many business magazines which serve up an unappetising diet of recycled press releases and poor features manufactured for the sake of the advertising they can pull in – though that, too, is changing.

The recent spate of launches demonstrates a concern to serve readership needs in a well-designed format. This month the Builder Group, which already has a portfolio of professional titles, is to launch a full colour newspaper. Its function is to deliver product news – one of the most basic functions of business magazines. But Building Enquirer bears a closer resemblance to style bible The Face than any traditional business magazine and, as its name suggests, it intends to apply real investigative journalism to the building industry. There is still room for a big improvement in standards. But if the trend towards the publishing conglomerates continues, bigger budgets and better management will ensure improved products and the right levels of marketing.

Fiona Cumberpatch
Media Week

Scientific journals

Medical press reports casualties

IN 1966, an IPC executive bought a pair of weekly magazines owned by Harrison Raison, for what then seemed a generous price. The pair had opened new markets for natural and social sciences, pitched at the general intelligent identified with Britain's political weeklies.

It was generally assumed that the prize for IPC was New Scientist, then 10 years old and ripe for internationalising. The executive who bought them said later that the prize was in fact New Society, born in 1962 and modelled on its older brother in the way it tried to simplify the complexities of the social sciences and account for the idiosyncrasies of society.

But by then the executive had left IPC and there was little sign that either magazine had benefited from the take-over. They were grouped with a miscellany of magazines which included Tit Bits.

Whatever potential that executive saw in New Society remained dormant for the next two decades. A sad note in its issue of February 22 says it plans to merge its 22,000 circulation with that of the New Statesman. The Joseph Rowntree Social Services Trust, which part-owns both loss-making weeklies, is to help to finance a relaunch as one paper.

New Scientist, meanwhile, has grown from about 50,000 in the late-1960s to over 90,000 today, and is on course for 100,000 within a year, says Mike Tudball, its publisher. It is one of the top five money-spinners among IPC's magazines, the other four being women's magazines.

New Scientist for the generalist; Nature for the professional

It covers ground the national daily papers in general cover less well, partly because of their predilection for medicine and for "human interest" rather than explanation and analysis. Its "meat" in the form of contributions from scientists has a greater element of surprise and revelation than in the case of New Society, where new research results often seem simply to confirm what "everyone knows".

New Scientist today is poised for the internationalising promised in 1966. IPC has spent the last two or three years preparing its paper – for example, recruiting US correspondents – for a launch in the US. Its target will be 50,000 US sales, compared with a total overseas circulation of 24,000 today, and only 4,500 in the US, says Tudball. The US will be a subscription market and, if IPC goes ahead this time, he expects to spend about £2m on its launch. The advertising he seeks will be classified and not the general advertising for drink, tobacco and condoms which has provided fickle support for several ephemeral US science magazines in the last decade.

Nature, an international journal of science rather than a domestic magazine, is already firmly established in the US, the market for half its 36,000 weekly circulation. It prints in the US and, for the last few months, also in Japan.

Where New Scientist has always hankered after a readership with general rather than professional interest in science, Nature's market is unambiguously the professional one. It has published the first accounts of many of the great 20th century advances in science – in nuclear physics and molecular biology, for example. Its advertising is aimed at people who practice science – tools and techniques as well as jobs.

Nature has a "shop-window", however, in the shape of a daily newspaper column in The Times, begun in January and credited to Nature-The Times News Service. Nature has hired a writer specifically to cope with the column, although its editor and other senior staff are contributing. Nature retains syndication rights, says Liz Hughes, its publisher, who rates her journal "an extremely important asset" in the Macmillan publishing house.

Popular medicine features so strongly in British newspapers and magazines that it probably leaves little scope for a popular paper devoted to medicine. But a crop of controlled circulation medical papers have competed since the 1950s for the attention of Britain's 35,000 doctors, with a mixture of medical science, politics and finance, and a leavening of more general interest such as personal finance, hobbies and cars.

The basis of this market is promotion of new prescription drugs. Advertising is a legitimate expense for the pharmaceutical companies under their agreement with the Prescription Pricing Authority. But in 1983 the government sharply curtailed the allowance, and a market that had been worth about £30m a year was abruptly cut to £12m-15m.

Several medical papers folded. Survivors retrenched and waited for the upturn in advertising which came last year, when the role of the Department of Health as sponsor (as well as customer) of the pharmaceutical sector reasserted itself. The medical papers are also benefiting today from the larger number of new drugs now getting regulatory approval than in the mid-1980s.

Advertising has risen again to about £20m a year. Survivors of the advertising recession include the weeklynewspapers General Practitioner (Haymarket) and Pulse (Morgan Grampian), each with a companion monthly devoted to the organisation and management of a medical practice. "Publications which have survived tend to be the ones doctors read," says Jerry Cowhig, editor of General Practitioner. He claims 75 per cent of doctors are reading his paper. Haymarket's research suggest doctors prefer a weekly to a monthly frequency.

Britain was slow to accept another development in scientific and medical publishing, namely the newsletter, carrying only editorial and therefore more highly priced. In the US, McGraw-Hill, for example, showed how newsletters could become the acknowledged "newspaper" of an industry, and how an inter-related group of specialist newsletter could be developed editorially into a profitable new periodical business. The Financial Times entered this market in the early 1970s and now has a stable of 30 weekly and bi-weekly and monthly newsletters published by Financial Times Business Information. The target tends to be top management or specialists with high spending powers, and the price tends to be high.

Doyen of the British trade newsletter scene is Mike Hyde, a journalist who started the fortnightly Chemical Insight in 1971. He charges up to £415 per subscription and says his circulation is somewhere between 500-1,000. More significantly, many companies take several copies – the biggest more than 20 apiece.

His secret, learned from the creators of the modern newsletter such as IF Stone in the US and Claud Cockburn in Britain, is to make each edition read like a personal communication to the subscriber.

A market which is less happy to pay the prices asked by scientific and technical publishers is academic institutions. At a recent seminar in London on the future funding of library purchase of books and periodicals, Richard Mawditt, Bath University's secretary and registrar, accused publishers of profiting at the expense of universities. British periodicals had increased in cost at double the general rate of inflation during the 1980s. Between 1980-86, the increase in price for periodicals from all countries was 3.7 times greater than the increase in university recurrent income.

These increases were "out of all proportion to other levels of university materials price increases in recent years," Mr Mawditt charged. "Publishers in this country have had a field day at the expense of the universities." He called for a 50 per cent discount for university libraries, citing the generosity of the computer industry as a successful precedent.

David Fishlock

Financial magazines

Unfortunate timing of new titles

SCOTTISH BUSINESS Insider is not the glossiest or the fattest of financial magazines but it has carved out a regular readership among the Scottish financial and business community. But perhaps the most remarkable thing about it is that it is there at all and is starting to prosper.

It began with job losses and redundancy. Mr Ray Perman and Mr Alastair Balfour, two senior journalists on the Sunday Standard, the quality Scottish Sunday which crashed in August 1983, put their redundancy money into creating the Insider, which has a controlled circulation of 20,000.

The money, together with the savings of Diana Griffiths who became sales and marketing director, totalled £25,000 and the magazine was launched in April 1984 with a matching overdraft.

"We thought there was a gap in the market partly created by the death of the Sunday Standard," said Mr Perman, managing director of Insider Publications.

Using a desk top publishing system, the three founders have created a business which should have a turnover of around £800,000 in the current financial year and includes publishing magazines for organisations such as the Institute of Bankers in Scotland and producing yearbooks.

In March Mr Balfour even went to Tokyo to report on the prospects for Japanese investment in Scotland, a considerable outlay for such a magazine. "It was worth doing because in our market the only way of differentiating ourselves from other Scottish business publications – there are three others – is by the quality of the editorial," says Mr Perman.

Now Insider Publications is confident enough to be planning a move into the national market with a business-related magazine aimed at a niche market and applying all the lessons it has learned about low-cost publishing.

In complete contrast is Business magazine launched by magazine entrepreneur Mr Kevin Kelly and backed by the Financial Times and Condé Nast, publishers of Vogue. The paid-for monthly launched two years ago is most definitely glossy, can run to around 170 pages and has involved an investment of several million pounds.

Mr Kelly, who has since left Business, has now launched W, based on the American publication Womens Wear Daily, and is working on M, a new publication aimed at the men's magazine market, an area where many in the industry see strong potential growth.

Business magazine is particularly strong in the South East, has a circulation of 45,000-50,000, and is expected to start breaking even on a monthly basis later this year.

Excel magazine, launched in March, is designed to be an alternative business magazine aimed at young people who take their work and careers seriously. Publisher Mr Alastair McNeillage believes it is the first magazine to concentrate on the issues, the problems and the excitement of the workplace. Its lively approach includes articles on "How to a spot a bullshitter" and what to do about it once you have.

The White Line Publishing Company, publishers of Excel, have been quoting a settle-down circulation for the magazine of around 60,000 but privately believe it could be much higher.

The three magazines in their own way demonstrate the ferment in magazine publishing aimed at business or the workplace.

There has also been an enormous expansion in the number of more closely-targeted magazines aimed at the upper reaches of the financial community following Big Bang in the City. Within a matter of weeks last autumn no less than three were launched – Finance, Global Finance and Equity International. A few months earlier Euromoney Publications had also launched Global Investor.

By one of those unfortunate ironies the astonishing expansion of glossy controlled-circulation magazines aimed at everyone from corporate treasurers to top brokers and dealers coincided with the October stock exchange crash.

"It was not clever," concedes Mr Peter Shearlock, editor of Equity International, which describes itself as "the premier forum for international equity investors", although the timing of its launch had more to do with when the necessary finance was raised than any judgment about the state of the markets.

"Obviously life after October looked more bleak than life before," said Mr Shearlock, a former City editor of the Sunday Times.

Equity International is, however, very much alive and advertising revenues have turned up in the past two months.

"We are seeing support coming through. The magazine looks, feels and reads right," adds Mr Shearlock.

Finance also reports a rising trend in advertising revenue although the fact the magazine is quarterly may offer some protection. " We are very pleased with the magazine since launch in September," said Mr Anthony Robinson, group sales director of the magazine's publishers, the Sterling Publishing Group.

Finance, aimed at corporate decision makers such as group finance directors and the chief executives of the top 1,000 British companies, has been taking around £120,000 an issue in advertising revenue. "We are not finding that the impact of the big crash is really having any detrimental effect," said Mr Robinson.

For some, however, the risk may prove too great. Last year, after considerable research, Emap, the magazine and regional newspaper company, launched Risk, a controlled circulation magazine aimed at heads of investment in insurance companies and pension funds, and the treasurers of leading corporations.

Mr Kenneth Ibbett, director of corporate strategy at Emap said at the time: "We are going to specialise in the technical, financial business market rather than be a 'let's jump on the bandwagon' magazine."

In the post-crash environment Risk has not fulfilled its publishers' hopes and, although no decision has been taken, there are growing fears for its future. Emap, which has had a reputation for getting launches right and has had a series of hits, particularly in the market for young people, also has a reputation for being decisive when magazines fail to meet targets.

If Risk becomes a casualty of the post-crash market for business magazines it will be a clear indication that the market for advertising aimed at the captains of industry and finance may be buoyant, but is anything but a bottomless pit.

Raymond Snoddy

MANAGEMENT: Small Business

A contentious debate

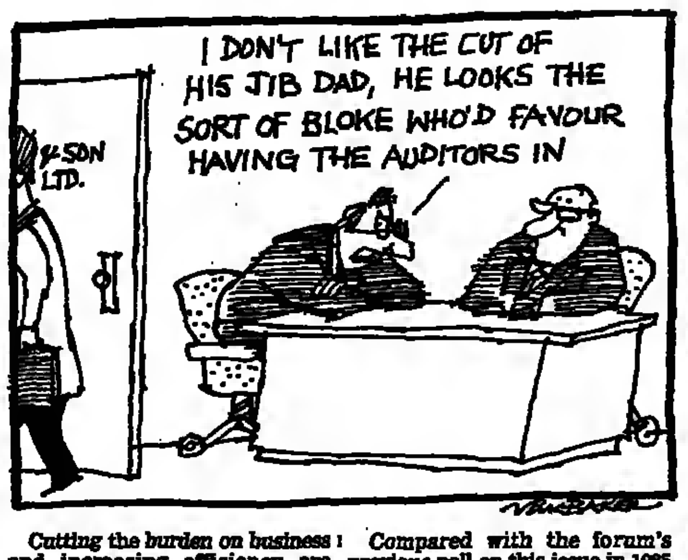
To audit or not to audit

BY CHARLES BATCHELOR

GRAEME FRANKLIN runs a decorators' merchants business with a turnover of £250,000 and he is irked by the fact that every year his accountants have to carry out an audit of his company.

"It is time-consuming and costs me £2,000 to prepare something for the Government which does not do ma any good," he complains. For a family-owned concern with no outside shareholders lika Franklins (Swindon), the audit could be abolished, he says.

Ronald King, founder of Master Equipment, a Norfolk-based supplier of equipment to the butchery trade, takes a different view. "The audit is a very useful discipline to the small owner-managed company such as mine," he says. "It's good for an outside agency to get its hand on your accounts once a year and put them through the wringer."



These two men are ranged on the two sides of a long-running debate about how tha smaller company should be held financially accountable to the outside world. It is a debate which has split the accountancy profession, set the Inland Revenue against the Departmant of Trade and Industry (DTI) and prompted strong words from the banks and the credit-rating industry.

Proposals for change, first raised by the DTI three years ago, appeared to have foundered on the Revenue's opposition but have now been revived as part of efforts hy Lord Young, the Trade and Industry Secretary, to reduce the amount of red tape burdening British industry. The DTI last month called for the opinions of the accountancy profession on the likely impact of a less formal audit procedure.

Though the small firms lobby groups have been involved from the start in the discussions, the debate increasingly appears to have turned into a struggle between the rival accountancy organisations which is being fought over the heads of tha smaller companies.

The Chartered Institute of Certified Accountants, which represents many smaller accountancy practices, wants to retain the audit. Other institutes where the larger accountancy firms have a stronger say would be happy to dispense with it. Many of the larger firms find it difficult to make profits on auditing small firms and would prefer to sell them more lucrative advice.

Cutting the burden on business and increasing efficiency are among the main arguments for abolishing the audit. The information contained in the audit is historical and of little help to managements, the banks or the credit rating agencies, the abolitionists argue. Nor does it prevent fraud since managements have ample opportunity to disguise any wrong-doings.

The lobby for the retention of the audit, which includes the banks and credit management organisations, counters that the audit provides an essential management discipline. "The data may be historical but it is better than nothing as a source of information to credit enquiry bureaux and creditors alike," says Dun & Bradstreet, a large credit agency.

The small firms lobby groups, it has to be said, have for the most part backed the plan to do away with the audit, though, like the accountants, they want safeguards for companies with outside shareholders. However, a number of the lobby groups take their advice on this subject from accountants, who undoubtedly reflect the arguments going on within their profession.

The most recent survey of small firms opinions was carried out by the Forum of Private Business, the only organisation with a formal procedure for polling its members' views. Asked whether they were "for or against exempting private businesses from the compulsory auditing of annual accounts", 55 per cent said they were in favour while 41 per cent were opposed.

Compared with the forum's previous poll on this issue in 1985 the number in favour had risen from 49 per cent. But those opposed had also risen from 32 per cent with a sharp decline in the numbers voicing "no opinion."

"We have been staggered at the strength of the vote to retain the audit," says Stan Mendham, chief executive of the Forum. "We thought they would all vote to abolish but they have been taking a canny view."

One difficulty facing the abolitionists is that it is far from clear that large savings would be made. Many small companies require the services of an accountant to help them with their VAT returns and in preparing their annual accounts for the Inland Revenue. Much of the work involved in the audit has to be carried out anyway.

Even the supporters of abolition do not claim that the audit element is a large part of their work for the smaller company. Price Waterhouse, a major accountancy firm which favours abolition, estimates that between 10 and 30 per cent of the total charges for accounting, financial and tax advice to small companies relates to the audit.

Any saving is welcome to the small firm but it has to be set against any benefits from the audit. Robert King feels that the credibility gained by a small company in being able to present audited accounts to outsiders makes them worth the money.

The apparent willingness of the small firm lobby groups to jettison the audit appears curious in the light of the campaign they have also been waging to solve the problems their members face with the delayed or non-payment of debt. Abolishing a check which the credit rating agencies themselves see as important in assessing whether a customer can pay appears contradictory.

One criticism of the audit advanced by a number of the larger accountants is that it sours the relationship with the small firm. The owner feels the audit and the accountant have been imposed on him by law, they say.

There appears little evidence to back this up. In a recent survey by the Small Business Research Trust of small firm owners' attitudes to their accountant, 84 per cent said they were getting a satisfactory service.

If the audit were removed, accountants could switch their resources to providing advice to the smaller firm, the abolitionists argue. However, few involved in the small firms field feel the small company owner would maka a conscious decision to divert any savings into buying more advice.

If a viable, cheaper alternative could be found though, could the arguments of both sides not be met? The options canvassed last month by the DTI included a directors' statement that the accounts met Companies' Act requirements and a statement by "a competent person" that accounts were properly prepared from management information.

The problem is that any assurance or statement from an accountant will only be given if he or she is convinced the information being guaranteed is correct. "Accountants won't put their signature to any old document," affirms Mike Walsh, head of technical services at the certified accountants association.

For all the heat of the debate about reforming the audit, the small business community does not attach a high priority to the issue. A government survey, Burdens on Business, published in early 1985, ranked questions of company law – including the audit – as 13th in order of importance among the burdens worrying small business. They are far more concerned with the time they are forced to devote to VAT and the complexities of employment law.

Beware consumers on the warpath

Charles Batchelor on EC product liability legislation

TOUGHER PRODUCT liability laws now being enacted in the European Community mean companies will have to think very carefully about the potential of their products or services to cause injury. Smaller companies in particular will have to set the costs of ensuring nothing goes wrong against the likely cost of any claims.

Britain last month was the first country to put into force a Community directive on liability when the Consumer Protection Act took effect, but other countries in Europe are due to follow.

The extent of the new legislation and its implications for the smaller company are outlined in the latest update to the Business Advisory Service file produced by accountants Peat Marwick McLintock.

An important change in the new legislation is that consumers no longer have to prove negligence on the part of the manufacturer to stand a chance of winning a case.

In the past the difficulty of establishing negligence deterred many would-be claimants.

The main features of the new Act are that liability is unlimited and can be for personal injury or for damaged property. Claims may be made for up to 10 years after the product was supplied.

The Act gives a wide definition to liability and includes the product itself, components and packaging and certain services such as electricity.

Apart from the manufacturer, the importer of the defective item may be held responsible if it was made outside the Community while the supplier can be liable if the manufacturer cannot be identified or traced.

To avoid falling foul of the Act, manufacturers are advised to make sure they have adequate quality controls (this page March 29) and that instructions and any warnings are clear – though warnings do not free the manufacturer from responsibility.

They are advised to obtain indemnities from component suppliers – though only if they are sure the supplier can meet these indemnities – and to take out product liability insurance.

Retailers, for their part, should keep records of purchases and sales and maintain them for long enough to be able to trace all transactions covered by the Act – in theory therefore for up to 10 years. They should make sure goods are sold with any instructions and warnings the manufacturer has provided and also take out liability insurance.

If a case does come to court a company has a number of defences available. It might be able to prove the purchaser or the person who used the product had been negligent or that the product was not defective when originally supplied.

It might argue the product was made according to the most up-to-date knowledge available at the time and only subsequent scientific advances have made it reasonable to expect higher standards.

When taking out an insurance policy companies should make sure their interests are covered since there is no standard policy wording for this type of insurance.

Under the EC directive the injury or loss must be "unexpected" or "fortuitous". How exactly this is defined can differ from policy to policy. Some policies do not provide cover where a perfect but incorrect product has been supplied and someone or his or her property is injured.

Business organisations in Britain feel most companies will be able to meet the requirements of the new Act because they have adequate quality assurance procedures and effective insurance.

They do not fear expensive litigation on the US model. But the new legislation is intended to help the consumer get a better deal and companies which are not prepared will be the ones to suffer.

Peat Marwick McLintock, 1 Puddle Dock, Blackfriars, London EC4V 3PD.

Local funds: local uses

A FREQUENT criticism of the Business Expansion Scheme in the UK – and of venture capital funds generally – is that too much of the money is raised by City-based organisations which then tend to invest in London and the south-east.

There is now a move, however, for local authorities and enterprise agencies in the regions to establish their own BES funds. Wirral Borough Council in Cheshire and the North Staffordshire and District Business Initiative, the enterprise agency in Stoke-on-Trent, hope to show that a regional BES fund, which both raises and invests money locally, can be made to work. They are both setting up a scheme to raise between £250,000 and £300,000.

The funds' managers believe that their local knowledge will compensate for their lack of the broad range of financial and industrial skills available to the professional BES manager. By keeping costs low it should be possible to make worthwhile investments which would be uneconomic for the larger BES fund.

The Wirral project, for example, will be able to call on up to £40,000 of local authority pump-priming funds in its first two years but ultimately it must become self-sustaining.

Ralph Howard, economic development officer, says he hopes to persuade local people with their own business or working for one of the larger local employers to use their accumulated savings to back local ventures. No minimum amount has been set on the funds to be invested though BES tax relief only applies up to £40,000 in any one year.

Typically, the BES fund would invest £40,000 to £80,000 in a well-managed local company with good growth prospects and already employing between 50 and 100 people.

Unlike the marriage bureaux run by a number of local enterprise agencies the Wirral BES fund would not expect investors to become involved in the affairs of the companies their money supports. Thair investment would go into the BES "pot" and any returns would depend on the performance of the portfolio rather than an individual company.

The BES fund will be run from the offices of In Business, the Birkenhead enterprise agency. Syndicate manager is Gordon Jones, a local businessman, while the chairman is Peter Johnson, chairman of Park Foods, a local company specialising in food hampers. The syndicate committee hopes to put its first proposals to investors in the autumn.

The Wirral and North Staffordshire funds are based closely on the first BES fund to be run on a local basis by an enterprise agency – the St Helens BES Syndicate run by the St Helens Trust in the north-west.

The trust put together its first BES fund in 1984-85 and has now raised a total of £700,000 in four separate funds. The most recent fund brought in £225,000 and still has £90,000 to invest.

It has provided between £20,000 and £60,000 to 18 local businesses, including 13 start-up companies. Three of the companies it backed have gone bust but the survivors employ between 250 and 300 people between them. Ron Halford, director of the trust, reckons its first scheme will make a reasonable return on its investments while the the second will be "very profitable."

He is concerned, though, that, until his investors can take their profits after the five-year qualifying period, they may be reluctant to commit more of their resources to businesses in just one town.

The two new ventures are a long way from that point, however, and their backers hope that before they reach that stage they will have shown that local, low-cost investment schemes can prove their worth to both investors and the community.

CB

In brief...

LARGE companies are spinning off increasing amounts of their activities in order to keep up with the progress of technology and their own budget constraints.

This has led to a growth in the amount of work carried out by sub-contractors and increased challenges for them in the areas of innovation, management and quality control.

An international conference entitled Sub-Contracting in Europe is to be held to examine these issues on May 26 and 27 in Brussels.

Large manufacturers such as BMW and Benetton will describe their experiences while the view from the other side will be given by senior managers from five European sub-contractors.

Workshops will look at how to manage just-in-time systems, quality and liability issues, how to find partners, and the questions raised by rights over intellectual property.

Contact SME Task Force, European Commission, Business Co-operation Centre, Rue de la Loi 200, 1049 Brussels. Tel (322) 230 3949. Fax (322) 236 1241.

Business Opportunities

READERS ARE RECOMMENDED TO SEEK APPROPRIATE PROFESSIONAL ADVICE BEFORE ENTERING INTO COMMITMENTS

TAXATION

The Financial Times proposes to publish this survey on:

16th May

a full editorial synopsis and details of available advertisement positions, please contact:

Claire Broughton on 01-248 2131

or write to her at:

Bracken House
10 Cannon Street
London
EC4P 4BY

FINANCIAL TIMES
EUROPE'S BUSINESS NEWSPAPER

ENVIRONMENTAL SERVICES OPPORTUNITY

We are a small company engaged in the Design and Construction principally of organic effluent treatment plants. We are seeking additional working capital of £150,000 to facilitate product growth and expansion, and in consideration of the grant of a small minority shareholding.
Ideal participants will be a company already involved in environmental activities for which ours would be complementary.

Identified principals only, write to Box F8037, Financial Times, 10 Cannon Street, London EC4P 4BY

OPPORTUNITIES IN THE FRENCH MARKET

French subsidiary of a U.K. Company trading in equipment for the gas, oil, petrochemical, power and marine industries seeks to widen its base of products and marketing services. We offer assistance to manufacturing companies interested in developing the potential of the French market in advance of the opportunities which will be created by the single European market in 1992. We offer administrative, commercial, marketing and technical liaison services on a shared cost basis for the start up period. Complete access to French trade directories and trade journals.

Please reply to our office in Paris Sarpegas S.a.r.l., 41 Rue Viry, 92622 Neuilly-sur-Seine, FRANCE.

EXCITING BUSINESS OPPORTUNITY

with one of the Country's fastest growing Office Refreshment Companies

Rio

Investment £9,000
First 20 Customers Supplied Free

Please Diane Bennett on 0689-36933 or write to: "Rio", Prospectglen Ltd, Prospect House, High Street, Orpington, Kent. BR6 6LG

Electronic Design/Manufacturer

(Products include micro-processor based units) with flow solder and test facilities, based in the south with spare capacity seeks partner/purchaser for diversification and expansion. Current turnover c. 500,000.

Write Box E8665, Financial Times, 10 Cannon Street, London, EC4P 4BY

EXPERTLY MANAGED

Young, rapidly expanding innovative company supplying unique product to the leisure industry seeks investment. Take advantage whilst 60% tax relief is still available through the BES scheme.

Principals only please: Write Box F8061, Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCE YOUR STOCK

We offer unique stock finance facility to manufacturers and merchants and are seeking to expand our client base.
If you require stock finance please apply in writing to:

Churchill Merchanting Ltd, 136 Buckingham Palace Road, London SW1 9SA
Telephone: 01-730 8426

CAPITAL GAINS TAX

If you have a substantial capital gains tax liability which has been crystallised in the last 3 years we are in a position to effect a long term deferral coupled with a high degree of security without tying up large amounts of capital, by taking advantage of existing legislation.

If you have therefore disposed of any business assets, not shares, in excess of £1/4 million, please contact us for a confidential discussion.

We would also be pleased to discuss similar arrangements with anyone now faced with the increased 40% tax charge.

Box No. Financial Times
10 Cannon Street, London EC4P 4BY

EQUITY OPPORTUNITY

Well established company, involved in manufacture and supply of industrial electronic instrumentation, seeks investment(s) of £50-200 thousand to assist in approximately 3 year growth period prior to realisation.

Reply to Box F8062, Financial Times, 10 Cannon Street, London EC4P 4BY

VIDEO PUBLISHING

UK company specialising in production and international publishing of educational and special interest video programmes seeks investment for production, on tightly controlled budgets, of new programmes for which it has already identified international markets.

Principals only please reply to Box F8060, Financial Times, 10 Cannon Street, London EC4P 4BY

JAPAN EXPORTS OPPORTUNITY

Well established international company with office in Tokyo seeks prestige and unique products to export to Japan.

Write Box F8069, Financial Times, 10 Cannon Street, London EC4P 4BY

A GOLDEN OPPORTUNITY

Rights for sale regarding brand new patented chair suitable for conference, leisure and home market with no competition to its uniqueness world-wide. Fully developed and in tooling stage.

Principals only write Box F8056, Financial Times, 10 Cannon Street, London EC4P 4BY

Specialist Sports Publication

Funding Required
£30,000 - £50,000
for substantial interest

Write Box F8063, Financial Times, 10 Cannon Street, London, EC4P 4BY

Manager

required for new Company in East France to initiate sales of chemical and electronic products in the E.E.C. and other countries. Engineering experience and languages necessary.

Reply with C.V. to Box F8075, Financial Times, 10 Cannon Street, London, EC4P 4BY

LOOKING FOR A BUSINESS?

If you want to buy or back a business Venture Capital Report gives details of 450 specific opportunities pa.

For full details without obligation contact:

VCR, 2 Bourne Road, Henley on Thames RG9 1DY Tel 0491 579999
A member of FIMBRA

SMALL DESIGNER YARN SHOP

in Brighton seeks silent/active partner for equity participation.

Please reply Box F8070, Financial Times, 10 Cannon Street, London EC4P 4BY

SMALL EDUCATIONAL PUBLISHER with UK and overseas markets seeks partner to exploit worldwide potential. Replies to Box F8066, Financial Times, 10 Cannon Street, London EC4P 4BY

REQUIRE DEVELOPMENT CAPITAL? Buying or selling a Business? Corbett Sendey 01-749 9980.

SCOTLAND

Centrally based, mature creative marketing executive seeks venture/start-up operation/business opportunity with progressive organisation requiring Scottish market presence.

Write Box F8072, Financial Times, 10 Cannon Street, London EC4P 4BY

NON EXECUTIVE DIRECTOR
EXPANDING PUBLISHING COMPANY
MINIMUM INVESTMENT £20,000

Independent Publishing Company with unique marketing concept, plans to expand into overseas markets on a worldwide basis.

A Non Executive Director is required to participate in the development of the business, with an equity investment to contribute towards capital requirements.

Applications are invited from mature business orientated individuals with general commercial, rather than publishing backgrounds. Contracts in Continental Europe and the Middle/Far East would be of value.

Profit estimates in the short/medium term are both encouraging and realistic but potential for substantial Capital Gain in the longer term makes this an attractive investment opportunity.

Please reply to Box F8074, Financial Times, 10 Cannon Street, London EC4P 4BY

INDUSTRIAL CLEANING

Product based private company involved in the manufacture, sales and servicing of capital goods to the industrial cleaning sector seeks equity partner to assist with expansion plans. Present turnover c £3 million. Company long established with national sales force and service back-up, currently launching new product package.

Principals please write to Box F8065, Financial Times, 10 Cannon Street, London EC4P 4BY

APPLICANT

STOCKBROKERS

Require further capital investment to facilitate volume trading under new capital adequacy rules. Exciting (near) ground floor opportunity.

Write Box F8054, Financial Times, 10 Cannon Street, London EC4P 4BY

SAVINGS BANK CALIFORNIA, USA

FSLIC Insured
Assets: $240,000,000(US)
Equity: $ 17,000,000(US)

Profitable, 7 Branch Offices
San Francisco Region

Contact: Mr. Messina
131 So. Rodeo Drive, Suite 300
Beverly Hills, Ca 90212 USA
(213) 281-5708

"OH WHAT A BEAUTIFUL MORNING ..."

Investment required for a National Tour of The Rogers and Hammerstein Musical,

OKLAHOMA!

For further details contact 01 228 8581 or 01 311 7186

FINANCIAL DATA

Established computer services company specialising in the provision of price and performance data to the financial services industry requires £100,000 to launch new product and finance next phase of expansion. Very high profit projections. Equity stake available.

Write Box F8071, Financial Times, 10 Cannon Street, London EC4P 4BY

HARD TO BORROW?

GUARANTEES-NO LOANS
MINIMUM $100,000 - 5-20 YEARS
THE FINANCIAL GUARANTY CORP
USA 212.486.2220
Tlx: 610-250-4080 (FIN GUAR CORP)
Fax: 212.755.7339

MALTA INVESTMENT

An opportunity exists for an experienced businessman who would like to live in the sun. A very large and prestigious import/export and retail company has room for expansion and full ownership for £500,000. Owner retiring.

Write Box F8073, Financial Times, 10 Cannon Street, London EC4P 4BY

FLORIDA/NORTH CAROLINA SHOPPING CENTERS

Prime RETAIL CENTERS for sale in strong growth areas. See us at the AMERICAN REAL ESTATE SHOW IN LONDON on April 18-20 or contact Commercial Site Selectors, - Attn: Michael Pacini in U.S.A. at (305) 875-0111.

Conferences

Study at home for an MBA Degree

GIVE YOUR CAREER A REAL BOOST WITH A MASTER IN BUSINESS ADMINISTRATION DEGREE.

- Course developed by Durham University and RRC Open Learning.
- Complete programme of study with all materials and assignments provided by RRC.
- Study by Open Learning – structured home study with two one week full-time sessions at Durham.
- Personal tutor support by telephone and in writing.
- Put into practice what you learn immediately.

Send now for your FREE Prospectus to: RRC Open Learning, Dept HK12, Tolworth House, London SW19 4DS. Free Advice: 01-946 5138 (9am-5pm) Prospectus: 01-946 1102 (24 hour recordacall service) quoting Dept. No. above.

DURHAM UNIVERSITY
RRC Open Learning

FINANCE FOR GROWTH

London, 5 May, 1988

The sources for entrepreneurial investment, how to set about raising finance, how much it will cost and how long it will take will be the subject of this Finance for Growth seminar arranged by the Financial Times, the City C3 Club and the NCC. A parallel exhibition, sponsored by some of the leading financial institutions and consultants in the UK, will help delegates identify the right type of funding operation.

For information, please return this advertisement together with your business card to:

The Financial Times Conference Organisation
126 Jermyn Street, London SW1Y 4UJ or
Tel: 01-925 2323 Tlx: 27347 FTCONF G Fax: 01-925 2125

Management Courses

SEMINAR
May 5 and 6, 1988

DESIGN AND NEW TECHNOLOGIES FOR COMPANIES IN TRADITIONAL INDUSTRIES
(Furniture, Footwear, Clothing, Toys..)

Organized by IESE and SDA BOCCONI

with the assistance of the:
European Economic Community, Barcelona Center of Design (BCD) and Center for the Promotion of Design and Fashion (Madrid).

For information, contact Esther Seco,
IESE Avenida Pearson 21 Barcelona, Spain.
Telephone : +34-3-204-4000,
Telefax : +34-3-204-4564
Telex : 50924 IESB E

Aircraft for Sale

BUSINESS JET SALES
Support Package
EXECUTIVE JET CENTRE HEATHROW

David King
Tel: 01-759 2141
Telex: 916123
A subsidiary of Heathrow Associated Industries plc

Plant & Machinery

FINANCIAL DIRECTORS

We have available considerable funds to purchase used machinery/metal-working equipment, diesel generators, electrical switchgear, transformers etc, individual machines to complete plants.

Please call R.H. Davies on 021 328 0498 or write to: 4 Hampton Drive, Sutton Coldfield, West Midlands. B74 2SQ

Businesses For Sale

Smith & Leishman Ltd.
(In Receivership)
t/a Smith Packaging

Business for sale

Packaging, pallet making and storage business situated between Grangemouth and Bo'ness, West Lothian and close to motorway links.

- Freehold property. Site approximately 7.6 acres, total floor area approximately 84,000 sq. ft.
- Facilities for packaging to British Standard 5750, timber case manufacture, cardboard box manufacture, export packing.
- Associated sawmill facility at Balloch, near Crieff.
- Premises may also be suitable for transport, warehousing or sub-division.
- Turnover approximately £700,000 p.a.

For further particulars contact the Joint Receiver:
G Ritchie, Arthur Young,
17 Abercromby Place, Edinburgh EH3 6LT.
Tel: 031-556 8641.
Fax: 031-556 5156.

Arthur Young

A MEMBER OF ARTHUR YOUNG INTERNATIONAL

Coopers & Lybrand

Insurance Brokers Opportunity

Our client, an insurance broking company aiming towards flotation, seeks to speed this process by offering other similar but smaller companies the opportunity to merge or be acquired.

CRITERIA
- Minimum Brokerage: £1 million p.a.
- UK & non-marine emphasis
- Preferably located close to M25

For further information please telephone (01) 822 4652 or write in complete confidence to:

Ref PC 380
Vir Lakshman/Stan Patey
Coopers & Lybrand, Plumtree Court
London EC4A 4HT

CORPORATE ACQUISITIONS & DISPOSALS SERVICE

Organic Health Food Bakery
Aylesbury, Bucks

The Joint Administrative Receivers are offering for sale the business and assets of a bakery business manufacturing from leasehold premises in Aylesbury, Bucks.

Enquiries should be addressed to the Joint Administrative Receivers:

N R Lyle and R A Powdrill, Spicer & Oppenheim & Partners, Friary Court, 65 Crutched Friars, London EC3N 2NP. Telephone: 01-480 7766.

SPICER & OPPENHEIM & PARTNERS
A MEMBER OF SPICER & OPPENHEIM INTERNATIONAL

BENTLEY ENGINEERING LIMITED
(In Receivership)

Offers are invited for the business, assets and goodwill of this long-established, Leicester based textile machinery manufacturer.

Annual turnover in the region of £10 million.

For further information, please contact the Joint Administrative Receivers: R. E. Adkins or M. C. Withall, Grant Thornton, Kennedy Tower, St. Chads Queensway, Birmingham B4 6EL. Tel: 021-236 4821. Telex: 337955 GT BHAM-G. Fax: 021-236 0257.

Grant Thornton
CHARTERED ACCOUNTANTS

A UNIQUE OPPORTUNITY TO PURCHASE THIS PRIVATELY OWNED COMMERCIAL ESTATE AGENCY PRACTICE PARTNERS RETIRING

A superb business of exceptional profits, over £700,000 gross last year, £850,000 estimated this financial year. Working on tremendous net profits. Situated in the North of England, City centre freehold property.

Would be an ideal acquisition for any of the Leading Financial Institutions, Banks, Building Societies or Insurance Companies.

First Time Offered
Price Guide £3.9m

Enquiries from principals only please write Box H3338, Financial Times, 10 Cannon Street, London EC4P 4BY

DAIRY PRODUCT EQUIPMENT MANUFACTURER

An International Engineering Group wishes to dispose of a part of its business which no longer fits its corporate strategy. This comprises the design, technology, component and finished goods stock relating to a self-contained, electrically powered machine for economically producing and storing under chilled conditions milk and cream products in 10 or 20 litre batches.

The equipment is used by hotels, restaurants, bakeries and industrial catering establishments and is singularly appropriate for hot and humid climates.

This is a unique opportunity to acquire a product of proven design and performance with tha benefit of having units available immedietely from stock.

Enquiries in writing to:
Mr. O Newell, Fletcher Newell Associates Ltd., Foxhall Lodge, Gregory Boulevard, NOTTINGHAM NF7 6LH

Coopers & Lybrand

Fluid Handling – Acquisitions

Our client, a fully listed plc, is seeking to acquire UK or overseas businesses in the field of fluid handling. It is particularly interested in companies with a turnover in excess of £1,000,000 specialising in:

- hose manufacturing (specialist products)
- hose fittings
- hose assembly

Our client is willing to pay a competitive price for the right business, including earn-out arrangements in appropriate cases.

In the first instance, please telephone Stan Patey (01-822 4703) or Vir Lakshman (01-822 4652) in complete confidence. Alternatively, please write, quoting reference PC 380 to:
Coopers & Lybrand, Plumtree Court
London EC4A 4HT

CORPORATE ACQUISITIONS & DISPOSALS SERVICE

CHESHAM. BECAUSE YOU ONLY SELL YOUR BUSINESS ONCE

And you want the best.
With more buyers and more deals, Chesham has better in-depth market information for you.
If you're thinking of selling your business, contact our Managing Director to arrange a confidential discussion.

CHESHAM AMALGAMATIONS
The first name in merger broking.

Chesham House 2 Bentinck Street London W1M 5JX Telephone 01-935 2748

A PLC Wishes to Dispose of an Engineering Business Based in Newcastle-Upon-Tyne

The sale will be by private negotiations under a confidentiality agreement to ensure that the significant client base is retained. The company designs and manufactures winches, hydraulic systems and related products to MOD, CEGB, British Coal and international standards. The company is based in Newcastle-Upon-Tyne and in leasehold premises, presently has an £800,000 order book and expanding. The company, after considerable reorganisation requires a company with an international sales organisation to maintain an economic order book. The company will be sold by the end of April 1988.

Replies to: Mr P. Collier, Torridon Steel Limited, Fresh Wharf, Highbridge Road, Barking, Essex IG11 7BW. Telephone 01-594-0338.

ENGINEERING INVESTMENT

Due to Group consolidation an opportunity has arisen for acquisition of Northern based engineering company specialising in the design and manufacture of lifting and electro/hydraulic handling equipment to major key industries. The company is long established with extensive design and manufacturing facilities and a busy spares and service department. Turnover is in excess of £2m per annum and the current order book is around £800,000. The company wishes to negotiate with a substantial organisation with international sales and marketing facilities to incorporate and expand existing and new products.

Write Box H3329, Financial Times, 10 Cannon Street, London EC4P 4BY

FOLDING DOORS, PARTITIONS & WALLS RAISED ACCESS FLOORING

"Interiors" division of Essex based building component company for sale. Turnover £800K. Excellent plant and know how. Great opportunity for growing company or entrepreneur.

Please apply: Box F8036, Financial Times, 10 Cannon Street, London EC4P 4BY

Businesses For Sale

FOR SALE
HIGHLY PROFITABLE ENGINEERING COMPANY

Involved in small to medium size precision fabrication trading from a freehold property in Nottingham area. Turnover for 1987/8 is approx. £500,000 with a net profit of £200,000. Offers in the region of £650,000.

Principals only should write to Box H3356, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE

Mechanical Engineering Company. £5m sales, £1.7m net assets. 197 employees. Good growth potential. Experienced Management. Broad range of complementary products, established and well respected marketing operation. Recently consolidated manufacturing on to attractive 6 acre freehold site. In need of capital injection. West Midlands. Managing Director will continue if required. Principals only.

Write Box H3301, Financial Times, 10 Cannon Street, London EC4P 4BY

ART AND PHOTOGRAPHIC STUDIO

Well established company specialising in quality work for advertising and promotions offered for sale as a going concern.

Located in central London with a good client list and £1m turnover.

For further information please contact:
R.D. Agutter or I.M. Blackburn
Peat Marwick McLintock Acquisition Services

KPMG Peat Marwick McLintock
1 Puddle Dock, Blackfriars, London EC4V 3PD
Telephone: (01) 236 8000 Telex 8811541

ROYAL STAFFORD CHINA LIMITED

Offers are invited for the assets and undertaking of the above long established pottery business.

Located in Stoke on Trent, Staffordshire the assets include substantial freehold property, pottery manufacturing plant and machinery, stocks and work in progress.

The company has 60 employees and an annual turnover of approximately £1m.

For further information contact the Joint Administrative Receivers

David Rowlands or Allan Griffiths, Grant Thornton, 1 Stanley Street, Liverpool L1 6AD. Telephone: 051 227 4211. Fax: 051 236 3429.

Grant Thornton
CHARTERED ACCOUNTANTS

WEST SUSSEX - HENFIELD

166 acre estate
with outline planning consent for

18-HOLE GOLF COURSE AND
COUNTRY HOUSE HOTEL

Gatwick Airport 23 miles
Central London 45 miles

XVII Century with 11 bedrooms
5-bedroom Cottage
Vineyard and Trout Lake
Attractive pasture and woods with stream
Substantial range of traditional and modern farm buildings and stables

Colour brochure from Joint Agents:
Strutt & Parker, 13 Hill Street,
Berkeley Square, London W1X 8DL
Tel: 01-629 7282 (Ref 1AG10090)
William Hillary & Company,
Close Gate House, 47 High Street
Salisbury SP1 2QF
Tel: 0722 27101

William HILLARY & Company

Humberts Leisure

EXCELLENT 9 HOLE GOLF COURSE
with potential for improvement/re-development

STAPLEFORD ABBOTTS, ESSEX
M25/A 12 approximately 4 miles

Superb location within M25 orbital motorway. Range of traditional buildings providing changing facilities. Car park with administration building. About 55 acres in all. Option to purchase adjoining farmhouse. Potential for improvement and increased trading.

A rare opportunity to develop and upgrade this existing 9 hole course into high class golf centre subject to planning.

For Sale Freehold
Price on application
Details: National Leisure Division
Humberts, Chartered Surveyors
25 Grosvenor Street, London W1X 9FE Tel: 01-629 6700

Leisure Industry, Hotels and Licensed Property Consultants

PHARMACEUTICAL MANUFACTURING FACILITY
Located: Galway, Eire.

Highly sophisticated human and veterinary manufacturing plant. Licensed to manufacture from NDAB/DHSS and EEC. Specialising in filling sterile injectables, non steriles, ampoules and vials in Class 1 and Class 2 areas of 6,000 square feet. Additional storage/packing space. Full Q.C. facilities. Qualified staff available. Asset sale, original cost exceeds I.R.£1,000,000. Present book value I.R.£380,000. Acceptable offers to:

J.W. Montagu, City & Eastern (Holdings) plc
Cray Centre, Cray Avenue, Orpington,
Kent BR5 3RW. Tel: 0689 75656

FOR SALE
AVIATION MAINTENANCE AND ENGINEERING COMPANY

To include Paint Shop and well equipped Avionics/Radio Instrument Overhaul Workshops

A well established aircraft maintenance company situated at an excellent airport in the south of England, CAA and MOD approved. Includes an excellent and superbly equipped avionics/radio/instrument overhaul shop. Also a separate fully equipped paint shop.

For further details please write to Box H3330, Financial Times, 10 Cannon Street, London EC4P 4BY

FINANCIAL SERVICES COMPANY
PBT Approx £1m per annum

100% of this highly profitable, well established, authorised institution is available. The Company has a good record of profitable growth lending on a fully secured basis mainly to the second mortgage market. A steady flow of new business is generated from agents and brokers throughout the UK providing a firm basis for future growth in this income stream. A small but highly experienced and fully integrated management team operates from a single office located in the South of England.
A substantial offer is required to secure this business.

Principals only please write to Box H3342, Financial Times, 10 Cannon Street, London, EC4P 4BY

OPPORTUNITY

Respected Home Counties Business Publications with 12,000 circulation offered for sale.
Excellent prospect for expansion.

Write Box H3350,
Financial Times, 10 Cannon Street,
London, EC4P 4BY

CHRISTIE & CO

North London Hotel

124 rooms, 100 cover Restaurant/function area. Prime roadside location. High turnover and net profits. Freehold £3,200,000. (Ref 4/8034/FT)

50 Victoria Street,
London SW1H 0NW
Tel: 01 799 2121

MANUFACTURER

Reputable Northeastern USA moldmaker with established plastics mfg opns. Stable cust base/largest acc't only 12% of revenues. Young work force/ 10 moldmakers. Sales are \$2.4-\$4.2 mil/cash flow is \$375k-\$800k. Price \$2.85 mil(US); min 60% down; terms avail. No Brokers.

Write with credentials to DMC, Box 375, Storrs, CT 06268

BEAUTY SALON

Finest in London SW1 area. Established Clientele. Turnover approx. £80,000 p.a.
Principals only:-

Write Box H3343, Financial Times,
10 Cannon Street, London EC4P 4BY

RECRUITMENT AGENCY FOR SALE

Successful and expanding specialist Recruitment Agency in the West Country. Offers in the region of £150,000.

Write Box H3352, Financial Times,
10 Cannon Street, London EC4P 4BY

NURSING HOMES (USA).

Will represent your company and/ or locate nursing and retirement living homes in USA, assisting established USA subsidiary. Present inventory includes 5 homes with 500 beds. Principals only.

Robert Irwin,
P.O. Box 664, Hinsdale,
Illinois 60521 USA.

REGISTERED INSURANCE BROKERS
Fimbra Member

Privately owned commercial brokers, established 16 years with experienced staff. Two freehold offices in South of England.
General Insurance Commission Income £500,000
Financial Services Commission Income £100,000
Investment Property Income £26,000.
Owner wishes to retire. Apply to:

Box H3327, Financial Times, 10 Cannon Street, London EC4P 4BY

DIVERCO
Sell Companies Nationwide

SELLERS and BUYERS
Contact in confidence:
DIVERCO LTD.
4 Bank Street,
Worcester WR1 2EW.
Tel: 0905 22303

COMPUTER SERVICES COMPANY

Highly Profitable, with significant scope for expansion. Ongoing maintenance contract portfolio forms substantial part of turnover. Ideally located in growth area.

Write Box H3340, Financial Times.
10 Cannon Street, London EC4P 4BY

PICTURE MAKING CO. IN YORKSHIRE FOR SALE

Soundly based, small and profitable, enormous potential. Genuine reason for sale. Current T/O £100k. Price guide £20k.

Write Box H3334, Financial Times, 10 Cannon Street, London EC4P 4BY

FOR SALE:

Electronic Component Manufacturers, specialising in reed relays. Established 40 years.

Client list consists of major Companies and plcs. Turnover £400,000 plus.

Interested parties to contact M.S. Langley of M. Sorsky & Co., 239 Regents Park, London N3 3LF

Non Trading Company Sole Asset

FREEHOLD
LONDON W1
GEORGIAN PROPERTY
2,800 SQ. FT.
Offices/Residential
O.I.R.O. £650,000

Tel: 01 388 8030

Highly Profitable

And well established domestic electrical importer for sale. Turnover £2 million. Principals only to apply to:

Box H3335, Financial Times, 10 Cannon Street, London EC4P 4BY

NEW TECHNOLOGY COMPANY FOR SALE

Plastic casting process. Vastly competing with all other known processes.
Replies to:
Box H3348, Financial Times, 10 Cannon Street, London EC4P 4BY

PRINTING BUSINESS FOR SALE
IN THE WEST OF ENGLAND

Book, magazine and general commercial printers for sale, two factories with about 12,000 sq.ft. Modern plant and good clientele. Turnover about £700,000. Price £600,000

Colebrook, Evans & McKenzie
5 Quality Court, Chancery Lane,
London WC2A 1HP

FOR SALE

Residential and Nursing Home situated in Humberside: 50% occupation: Over 2 acres of grounds. Would be suitable for larger companies with existing a similar business wishing to expand further. Considerable future potential.

Replies in writing: Box H3331, Financial Times, 10 Cannon Street, London EC4P 4BY

Substantial and successful

three star deluxe central London hotel available for sale. Purpose built and recently refurbished to a four star standard, it has in excess of 100 bedrooms.

Reply to Box H3349, Financial Times, 10 Cannon Street, London EC4P 4BY

Portfolio of 13 residential properties for sale in Nottinghamshire producing very good return. Can be split. Offers invited in the region of £170,000.

Write Box H3345, Financial Times, 10 Cannon Street, London EC4P 4BY

MAGAZINE FOR SALE

Well-established profitable news-trade monthly magazine dealing with the home and property.

For details apply Box H3332, Financial Times, 10 Cannon Street, London EC4P 4BY

Exceptional acquisition opportunity.

Blue chip customer base with growth potential. Healthy company in catering equipment. Suitable £1M Buy and Invest.

Ring 091 232 4188, or Write Box H3327, Financial Times, 10 Cannon Street, London, EC4P 4BY

Charlotte Street W1

Off Licence and Wine Bar/ Restaurant Ground floor and basement £25,000 per annum exclusive
Price £150,000

Owner's Agents: Robert Irving + Burns 23-24 Margaret Street, London W1N 8LE Tel 01 637 0821 Ref: 843

Helicopter Hanger For Sale

Formerly housed jet ranger approx. 12m x 3½m. Steel portal frame metal clad building, sliding/ folding full width doors. Insulated roof. Buyer to dismantle.

Contact: Nadel tel: 036284 220

ACCOUNTANCY PRACTICE FOR SALE. Gross recurring fees £80,000. East coast of Yorkshire. Reply to Box H3353, Financial Times, 10 Cannon Street, London EC4P 4BY

Accountancy Practice For Sale. Gross recurring fees £27,000. Bristol area. Reply to Box H3339, Financial Times, 10 Cannon Street, London EC4P 4BY

Very Serious About Buying an Inn or Hotel. Then You will want to know about Inns Line. Listen - 24 Hours - Tel: (0898) 464079

INSURANCE BROKING AND FINANCIAL SERVICES
PREMIUM INCOME £10M

Goodwill of Central London brokers for sale.
Principals only please reply to Box H3354, Financial Times, 10 Cannon Street, London EC4P 4BY

CORPORATE BARGAINS

UP TO THE MINUTE DETAILS ON COMPANIES IN RECEIVERSHIP, LIQUIDATION AND BUSINESS AUCTIONS. FOR FULL DETAILS:
88 & 92 BOSTON ROAD,
HENLEY RG9 1DY Tel: 0491 579969

Trade Magazines

Offers are invited for two quality bi-monthly international (regional) trade magazines. Combined turnover c£200K p.a. Excellent prospects for growth.

Please reply to Box H3337, Financial Times, 10 Cannon Street, London EC4P 4BY

SPECIAL PURPOSE MACHINE MANUFACTURER

Business and Assets of Liney and Partners Ltd. for sale as a going concern:-
* Design and manufacture of rotary assembly and customised production machines
* Leasehold premises, Crawley
* Turnover £700,000
* Blue Chip customer list

FOR FURTHER DETAILS PLEASE CONTACT
Neil H Cooper, Administrative Receiver, Robson Rhodes, Chartered Accountants, 186 City Road, London, EC1V 2NU
Telephone: 01-251 1644 Telex: 885734 Fax: 01-250 0801

ROBSON RHODES
Chartered Accountants

Business Services

A LIMITED NUMBER OF DESKS

are available in a fully electronic office, situated in a 'tax-free' environment. Each desk is equipped with individual telephone line, answer machine with remote callback, P.C.W. giving instant worldwide communications via, 'telex', 'telecom gold', 'microlink' electronic mailboxes etc. Fax machine on 24, hour watch. Secretarial service available if required for further info.

Write Box F8066, Financial Times, 10 Cannon Street, London EC4P 4BY

LIMITED COMPANY
* Searches *
* Copy Accounts *
* Ready-made Companies *
Available in 2 hours (approx)

01-248 2387

LIMITED COMPANIES
U.K. and International
Isle of Man & Non-Resident
EXPRESS
COMPANY REGISTRATIONS LIMITED
Epworth House, 25-35 City Rd, London EC1Y 1AA
Telephone 01-588 3271 Telex 887475

BUSINESS AND ASSETS of solvent and insolvent companies for sale. Business and Assets. Tel:01-835 1164.

DIRECT MAIL LISTS & SERVICES lists at ready-made Retainmediately available. Suppliers to leading UK companies. Free catalogue. Market-scan, Freepost, Chichester, Sussex. Tel 0243 786711

YOUR MAYFAIR OFFICE - Full commercial and secretarial support. For details phone Mr James, 01-499-0021

AVIATION BUSINESS CONSULTANTS Airport, Airline, Aircraft consultancy on acquisitions, disposals, management, development, personnel and marketing. Century House, Reading Street, Tenterden, Kent TN30 7HS, UNITED KINGDOM. Telephone 058063 641 Telex 966159 Fax 058063 661

DO YOU NEED THE SERVICES OF AN ACCOUNTANT IN SWITZERLAND? Write Box F8064, Financial Times, 10 Cannon Street, London, EC4P 4BY

Office Equipment

LIQUIDATED STOCK
FACSIMILE:PANASONIC UF 520 GROUP III, A4, B4 £725.00
E12 TELEPHONE SYSTEM: 4 lines, 6 extensions (expandable) £650.00
PHOTOCOPIER: PANASONIC FP 3001 A4, A3 size for size, fast 30 cps. PLAIN PAPER PHOTOCOPIER £585.00
ALL EQUIPMENT IS IN GOOD WORKING ORDER.
RE: CS (0892) 862024

Businesses Wanted

CAR DEALERSHIPS

We are a publicly quoted company with a highly successful and growing group of franchised car dealerships. As part of our expansion plans we wish to purchase franchised dealership businesses selling either domestic or imported makes of motor car. Suitable acquisition candidates should have annual sales of at least £4m.

Please reply in confidence to:
Box H3309, Financial Times,
10 Cannon Street, London EC4P 4BY

BUSINESS WANTED

We are retained by clients seeking an active business investment in any good retail business or specifically companies involved in the electronics or photographic industry engaged in import/ export/wholesale distribution or retail. Our clients will consider either outright acquisition or a majority equity interest. The business must have an established track record and/or a proven product with recognizable potential. Our client seeks executive as well as financial involvement with the business which must nonetheless have existing strength in management. Our client is considering an investment up to £750,000.

Apply with full details to Berke Fine, Reference JJS, Mappin House, 4 Winsley Street, London W1N 7AR

INDUSTRIAL ELECTRONICS

Successful company engaged in the design, manufacture, and marketing of electronic control equipment wishes to acquire a compatible company currently having a £1m to £3m turnover, in order to accelerate growth.

Please write to Box H3347, Financial Times, 10 Cannon Street, London EC4P 4BY

COMPANIES WANTED

Group with a very successful background of growth and acquisitions seeks further opportunities.
We are particularly interested in companies with a pretax profit in the range of £100,000 to £1,000,000 in the following fields:-
Paper and Packaging, Specialists Chemicals, Engineering, Health Care and Agricultural Machinery.
We will consider purchasing either a majority stake or 100% and would like existing management to join our team.

Please reply to Box H3222, Financial Times,
10 Cannon Street, London EC4P 4BY

MANUFACTURING WANTED

PLC family controlled offers Partnership with likeminded family looking to wider industrial base and sharing control. Essential for shareholders to be working proprietors for the long term or handing over to next generation. Ideally should be located North of England.

Principals only please write to:
Box H3281, Financial Times, 10 Cannon Street, London EC4P 4BY

Motor Trade Opportunities

Burlington Investments Ltd. are licenced dealers in securities and specialists in merger broking. We have several major PLC's seeking acquisitions in the retail motor sector, *either individual dealerships or groups with several outlets. In* addition contract hire or leasing portfolios would be of considerable interest.
Preliminary contact in strictest confidence and without obligation should be made by principals only with:

I.E. Jamieson C.A., M.C.T.
Managing Director
Burlington Investments Ltd.
(Licenced dealer in securities and specialists in merger broking)
25/28 Old Burlington Street, London W1X 1LB
Tel: 01-439 8411 Fax: 01-439 1879

FOOD DISTRIBUTION AND MANUFACTURER

Major rapidly expanding wholesaler and distributor of food products for catering industry actively seeking to acquire companies distributing ambient, chilled or frozen food manufacturing companies for allied sectors. Any size of company considered.

Write Box H3339, Financial Times, 10 Cannon Street, London EC4P 4BY

COMPANY OF ENGINEERING EXCELLENCE IS SEEKING ADDITIONAL MAN HOURS

Qualified to BS.575, Pt.1 and 2, BS.5882 and ASME 'U' Standards is seeking volume *manufacturing* work for civilian and military business sectors. Have capabilities for design, testing and installation if required.

Additionally seeking manufacturing products under licence or collaboration agreement. Experienced Sales Team available.

Replies to Box H3333, Financial Times, 10 Cannon Street, London EC4P 4BY

SERVICE COMPANIES

We are a large multi-national Company who plan to expand our service activities into the U.K. Our target Groups are companies working in the Industrial/Commercial Sector who service and maintain Electrical, Mechanical, Refrigeration, Heating and Ventilation Equipment through mobile service teams. We are prepared to purchase companies outright but could also be interested in financing new ideas or expansion plans.

If you would like to talk to us please write in strictest confidence to Box H3277, Financial Times, 10 Cannon Street, London EC4P 4BY

Sports Goods Distributors

We are a Fully Quoted PLC who wishes to acquire further Companies in the Sports Market. Outright Acquisition, Distribution Rights, Joint Ventures. Anything Considered.

Write Box H3324, Financial Times, 10 Cannon Street, London EC4P 4BY

ADVERTISING, SALES PROMOTION, PUBLIC RELATIONS AGENCIES REQUIRED FOR ACQUISITION

Fast growing, well established Agency Group with substantial resources wishes to acquire controlling interest in profitable, growing Marketing Communications business with quality client relationships. Alternatively individuals wishing to establish such businesses with sound prospects will also be of interest.

Write in strictest confidence to our Lawyers:
Edward Lewis & Co., 9 Jockey's Fields, London WC1R 4BW

European commodity trading group wishes to acquire small to medium-sized London based commodity business.

Preferably (but not essentially), the company should be dealing as principal in raw materials for the food industry.

Reply ref. RC/1 to Corporate Finance Dept. Arthur Andersen & Co., 1 Surrey Street, London WC2R 2PS

P.L.C.

Wishes to acquire companies actively trading in the field of Builders Merchants.

Please reply to Box H3326, Financial Times, 10 Cannon Street, London EC4P 4BY

AWARDS AND INCENTIVES COMPANY

Successful expanding private company seeks to acquire businesses in the above field selling trophies, awards, promotional and promotional items to the Sporting, Entertainment, Advertising and Promotion industries.

Annual t/o - min. £500k
Current profits - min. £30k

Sellers replies to:

D MARRIOTT FCA
MARRIOTT SECURITIES LTD
21 Gloucester Gardens
London NW11 9AB
Tel: 01-458 8367
Fax: 01-209 0027

UP TO £500K AVAILABLE

For builders or plumbers merchant, steel stockholder in North London or surrounding area.

Write Box H3341, Financial Times, 10 Cannon Street, London EC4P 4BY

CFL
CORPORATE FINANCE

We have a number of PLC companies wishing to make immediate acquisitions in the following business sectors.
Computer maintenance
Commercial property portfolios
established lease portfolios
audio visual

Tel 0625 530733 and ask for Mark Dean ACA

PRINTING AND PACKAGING SPECIALISTS

Innovative PLC Group wishes to acquire profitable companies within broadly defined areas of packaging, design, promotional and exhibition preferably with exciting growth potential.

All enquiries to: Box H3041, Financial Times, 10 Cannon Street, London EC4P 4BY

PHARMACEUTICAL COMPANY

BASED PREFERABLY IN THE NORTH WEST AND WITH EXPORT AND HOME CONNECTIONS

FACTORY MUST HAVE DHSS LICENCE

Reply to Box H3325, Financial Times, 10 Cannon Street, London EC4P 4BY

INTERNATIONAL GROUP

With large funds, interested to purchase private property companies and property portfolios.

Write Box H3344, Financial Times, 10 Cannon Street, London EC4P 4BY

WANTED TO PURCHASE

Old Established London Based Manufacturing Company
Criteria:-
1. Own Freehold
2. T/O in excess of £2m
3. Own Product

Reply in the strictest confidence to The Chairman Box H3346, Financial Times, 10 Cannon Street, London EC4P 4BY

Shipping & Forwarding Company Required by our Expanding Transport and Warehousing Company.

Please contact A.J. Dyer, Angerstein Estates Ltd., Angerstein House, Church Manorway, Erith, Kent DA8 1DE. Tel: 032 24 30231.

PLC

requires suitable city centre hotels in London and the provinces with in excess of 50 bedrooms. Funds immediately available for the appropriate properties.

Reply to Box H3351, Financial Times, 10 Cannon Street, London EC4P 4BY

Art/William Packer

Success at the last turn of the wheel

Lately Fate has seemed to show a cruel way of turning its wheel just a shade too slow. The fortunes of certain good but neglected artists have been at the point of revival, only for such success to prove posthumous. Last year Brian Fielding, last month Patrick Hayman, and so it was with Edward Middleditch, whose Arts Council retrospective exhibition has arrived at the Serpentine Gallery (until May 15) at the end of an extensive national tour. He had been in failing health in recent years and died, age 64, shortly before the exhibition's inaugural showing in Norwich last July.

Middleditch's career as an artist began comparitively late, for he had joined up in 1942, was not demobilised until 1947 and began his studies only in 1948. But even while *still a student* at the Royal College in the early 1950s he was attracting notice, and by the middle of the decade he was enjoying considerable success, winning prizes and commissions and taking part in major exhibitions. His first one-man show was at the Beaux Arts Gallery in London in 1956. That same year he was in the group of four young painters, together with John Bratby, Derrick Greaves and Jack Smith, that was

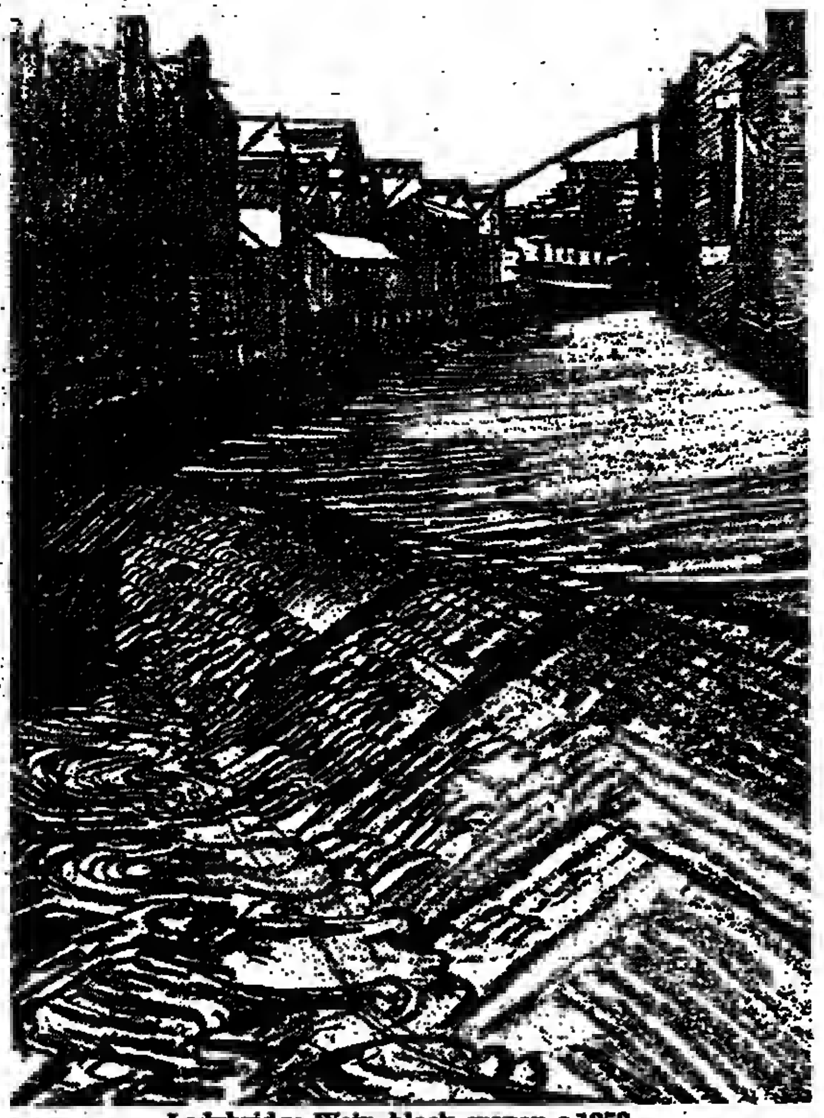
For Middleditch, and for others, teaching was to be the saving, yet too-demanding distraction

chosen by the British Council to represent Britain at the Venice Biennale. By the end of the decade he was represented in the major collections and his work had *been widely* shown *at home and abroad.*

Then, almost overnight, his world changed, with the Beaux Arts closing and other shows drying to a trickle. It is intriguing now to remind ourselves quite how abrubt the general reverse was, for Middleditch was hardly the only one to suffer. Of his fellow Venetians, only Smith remained in critical view, and that by virtue of his apparent disavowal of figuration. For Middleditch, as for so many of his peers, teaching was to be the saving and yet too-demanding distraction. As head of Fine Art at Norwich for the next 20 years, he kept a sanctuary for the old technical standards of painting and drawing that were held inimical to true creativity in the *Reforming Wisdom* that swept through the art schools after 1964. That in itself was no small achievement. And there was always the Royal Academy where, summer after summer, he could show his latest work.

But the world turned on again and the work of the 1940s and 1950s now seems as interesting and considerable as that of any period of British art in modern times. The exhibition, "The Forgotten Fifties," that Sheffield City Art Galleries organised four years ago, was one of the clearest statements yet of this critical shift. If it deservedly rekindled many reputations, it revealed Middleditch as something of a star. Now we may see his work of that decade within the context of the full career.

It is the rule that, whatever the shifts and changes in an artist's work as it develops over many years, such differences are less striking than the underlying, *inevitable consistency* when taken overall. Ideas, preoccupations and actual practice may all change radically, but yet the hand and eye, and the sensibility that informs them, must remain the same. With Middleditch, the work grew simpler and more frontal in its presentation, though no less subtle in either its imagery or handling. The palette lightened with the touch, the colour itself becoming more openly celebratory and symbolic in step with the cosmic simplicities of his large rose still-lifes, his fields and skies. Simplest of all, and yet most profound, perhaps, for being the more intimate and unselfconscious, were the drawings he made in the late 1970s *of* stubble fields and standing or storm-damaged crops. Often using the rubber as a principal tool, with the lightest reductive inflexion, he made statements more of texture and negative pattern than positive images, yet images of natural growth and hope.



Ladybridge Weir, black crayon c.1953

But then Middleditch had been such an artist all along, always more the romantic and the symbolist, shades of Millet, than the realist. Kitchen Sink Realism, for all its convenience as a label, was in any case a conspicuously heterodox school that could comprehend the directness of Bratby with the ironical elegance of Smith or Greaves. Middleditch, in fact, was closer to John Minton, who taught him at the Royal College, and to the broader stream of British neo-romanticism. Though at that time his palette was typically dour, all umber and ochre and grey, and his subject might be a Sheffield canal or a dead chicken floating by, a woman asleep beneath a tumble of bedclothes or a bare city square, he was never a painter of domestic or urban squalor. The fall of those bedclothes is the fall and swirl of the water over the weir, that fascinated him for so long, and the fowl afloat — a magnificent painting in the Tate's collection, along with its *preliminary charcoal study that is the* finest thing in the show — is again the mass and movement of water, surface and depth, that supports and sweeps away.

As with all true art, what the work is, as it is, is more to the point than an iconographical reading.

The symbolism is evident enough, but the more truly impressive and moving aspects of these particular paintings and drawings and so many more, of the trees *and flowers and rushing water, are more* practical. The paint is rich and applied with a swift, confident and expressive energy. Line and matter, drawing and image, statement and object, all come together in a whole that bears of interpretation, of course, but is never its mere servant. As with all true art, what the work is, as it is, is rather more to the point than any purely iconographical reading. The axiom was ever that painting is drawing, and the drawings are splendid throughout, those of Spain as strong as Bomberg. The excellent selection here, by Lynda Morris, simply demonstrates the essential interdependence of the disciplines.

It is upon the work of the younger Middleditch that the emphasis of the exhibition rightly rests, showing the artist coming to himself in his first maturity. If the later years are more lightly covered, it is to leave us only with *thoughts of critical myopia and sad and* wasteful neglect. How much more we might now have had of this fine artist, had his encouragement been only a little more consistent. The case is not unique.

Twelfth Night/Barbican

Martin Hoyle

The image of wasted lives, as blighted and barren as the bare fig trees that flank the white sun-baked street of Kit Surrey's Greek setting, haunts this thoughtful and unusually serious *Twelfth Night*. Exceptionally *intelligent playing from Sir Toby* and Andrew Aguecheek, the Vladimir and Estragon of Illyria, complements the arid, brief euthority of Malvolio; all afternoon men, all yesterday's men.

Since Michael Coveney reviewed Bill Alexander's production in Stratford last summer Antony Sher has been succeeded as Malvolio by John Carlisle (*though one would never know* from the out-dated RSC posters in the Barbican). A dour, clean-shaven puritan (or the Levantine equivalent), Mr Carlisle plays it so straight that the humour evaporates. There is a difference between unexaggerated comedy and a refusal to acknowledge comedy at all. This Malvolio is a sour-faced steward, strict with the staff but patently efficient. He reads the counterfeit letter without milking it for laughs. His aspiringly romantic costume — an evzone's skirt and pill-box hat besides the yellow stockings — *gets* a laugh, not his character. Nor does his humiliated departure either move or disturb us. Neither actor nor director has lavished imagination on this monochrome figure; of back*ground or depth there is nothing.* A blank, my lord.

This is typical of a production short on sub-text, overtones and subtle shadings. There are no tensions or ambiguities between Donald Sumpter's straightforward Orsino and Harriet Walter's pretend-boy; the final pairing looks more than ever like an ill-advised match on the rebound. And there seems nothing to explain the Sebastian/Antonio relationship, apart from Paul Webster's misleading first appearance as an ageing Turkish pederast. Pippa Guard's Maria is as bright and flat as a tourist poster for the sunny south; and the whole experience is oddly uninvolving, a production to admire but not to love.

Chief pleasure lies with Roger Allam's Sir Toby: sardonic, smooth, educated, unmistakable as to class (his contempt for Malvolio in the "cakes and ale" rebuke is blistering), an academic opted out, perhaps, a prep-school head gone to seed in the afternoon drinking-clubs of Hampstead (even if he can't pronounce Penthesilea). For once we have a Toby of real talent frittered away, real promise withered. Self-knowledge and bitterness may well be behind his cruel final rejection of David Bradley's bedraggled Aguecheek.

David Bradley as the rejected and bedraggled Andrew Aguecheek in Twelfth Night

Bruce Alexander's Feste is infinitely more apt than his Cloten in *Cymbeline*, but his clowning still strikes me as mechanical. Deborah Findlay, after years of ferrety charmlessness and wooden intonation, springs a huge surprise as a stylish Olivia; can the much-maligned RSC voice department be the explanation? A naff Sebastian and an indistinct Fabian suggest not. Miss Walter's Viola is intelligently contrived rather than touching, like the whole production; her brother is not very like. (The ex-RSC Nicholas Clay, who always *did* look like her twin, is now occupied with the small screen, alas.)

Winter in the Morning/Watford

Claire Armitstead

Lou Stein, artistic director of Watford's Palace Theatre, lays his neck squarely on the block with this new play by Jacqui Shapiro based on the autobiography of Janina Bauman, a Polish Jewess who survived the Nazi jackboot when all around were trampled underfoot. Survival against such monstrous odds is not a pretty process, and its portrayal on stage runs the risk of alienating both those who don't want to know the gory details and those who know only too well and whose — quite natural — impulse 40 years on is to cover their dead, if not with glory, then at least with innocence.

Shapiro's gutsy, and for the most part, unsentimental drama is all about the loss of that innocence. She wisely avoids the making of heroes, allowing the central narrator figure of Janina to be flesh and blood with all its attendant weaknesses — a piquey vanity as a teenager in peacetime and a disastrous pride as a young woman sheltering refugees from the Warsaw ghetto, among them Daniel (Laurence Kennedy), defector to the Jewish police.

The villain of the piece is not Adolf Hitler himself, represented as a target of cabaret burlesque, but the enemy within ordinary people subjected to extraordinary pressures.

In this respect the play is clear and confident, swept along by a superb central performance by Robin McCaffrey with some strong support from a mainly young cast. The problems arise in its intercutting of the narrative with scenes from the ghetto cabaret of the time, whose justification is the legendary Jewish ability to paint laugh lines around the eye of the storm. Bad jokes about bad times are delivered by Christopher Ettridge and Nick Wilton with a deliberate insipitude, the sketches set to music by Anthony Ingle which is the antithesis to the promised all-singing, all-dancing extravaganza.

It is a pity Ms Shapiro and Mr Stein did not balance the picture with an indication of the genuine artistry that flourished in the ghettos — the symphony orchestras and the professional actors about whom one reads in the programme notes.

The picture that emerges here is of an overwhelming tackiness which reaches its most dangerous when a sketch about a Jewish wheeler-dealer peddling escape routes breaks its bounds. One minute we are watching a beaky parody of usury, and the next we see Janina selling her grandmother's diamond ring to a ghettoside Mr Fixit. The actor, Ettridge, simply walks from one scene to the other, making the point that the ghetto comedians were sending up a very real phenomenon, but at the same time allowing a stereotype that is treacherously close to anti-semitic traditions.

Here, as in one or two of the other sketches, the handling of such delicate material is not quite sensitive enough, yet there is much to admire in the honesty with which Shapiro squares up to the brutalising effect of persecution. Voytek's design of a blackened pyramid of abandoned shoes backed by huge bricked-in arches which open at the end on a landscape reminiscent of Picasso's Guernica serves as an eloquently understated reminder of the genocide that is the backdrop of the play.

The Murder Factory/Northampton

B.A.Young

The Murder Factory of John George Haigh is the full title of John Peacock's play, premiered at the pretty Royal Theatre. What murder-addicts remember about Haigh is that he shot Olivia Durand-Deacon and dissolved her body in acid, and that he claimed to have drunk the blood of his victims. John Peacock has not made this story into a mystery, or added detection or a trial. He presents a guilty Haigh in almost the first line. But we are still to see the killing and Haigh's plans for it in his respectable South Kensington hotel, for the play takes place in three timescales at once, in Haigh's boyhood, in his criminal manhood, and during his trial.

What Mr Peacock has chiefly added is the quasi-religious fixation, which Haigh knew from boyhood. He was a treble in the Wakefield Cathedral choir, though his Plymouth Brethren parents thought singing wicked. Haigh is made such a liar that we cannot believe things as simple as that. But the boyhood nightmares induced by following this singing persist into Haigh's maturity, dreams of a mad Communion, imbibing sacrificial blood before a woodland crucifix.

Not only have we three simultaneous times, but three places: the boyhood home, the lounge of the Onslow Court Hotel and the shed Haigh calls his factory. Rosalie Henderson is the first victim we see despatched, but her case is briefly dealt with. Mrs Durand-Deacon is involved more fully, succumbing to Haigh's charm, realising her assets to invest in the factory he has described, then visiting it - leaving only as sludge in the bottom *of a vat of sulphuric acid.*

Only Haigh and Mrs Durand-Deacon are given fully rounded parts. They are convincingly played by Peter McEnery, sleek and unashamed, and Maxine Audley in a terrible hat, determined to be deceived by such a nice young man. The rest are just sketches, even Haigh's steady girl Barbara (Alison Larkin). The boy Haigh is Fraser Corbyn, but his nice singing of "Oh for the wings of a dove" is taped for him by Mark Harris.

If some of the details were either left out or expanded to a scale worth more attention, Haigh would emerge more clearly. As it stands, the multi-dimensional play, with its multi-dimensional set designed by Ray Lett, offers too little to cling to.

Felicity Lott/Wigmore Hall

Andrew Clements

The British Museum's Stefan Zweig Collection of manuscripts and autographs is the rich legacy of an immensely discriminating cultural magpie, whose desire to understand the founts of his own creative processes led to him to a fascination with those of his forebears and peers. The literary and musical items that the writer assembled assiduously through his life vary widely in their range and interrelationships, and the resonances they generate simply cry out to be illuminated in performance. The first Stefan Zweig Series of concerts, lectures and exhibitions was held last year; its successor was launched at the Wigmore Hall on Sunday afternoon with a recital of songs and readings devised by Graham Johnson and given under the auspices of the Songmakers' Almanac by Felicity Lott and Gabriel Woolf.

It carried the title of "The French Collection," taking its lead from the Francophile aspects of Zweig's activities; among the treasures bequeathed to the BM are autographs of two poems by Baudelaire and that of Verlaine's *Fêtes galantes*, and those poets formed the centrepiece of the recital. Miss Lott sang Debussy's *Cinq poèmes de Charles Baudelaire* and Fauré settings of both poets, but she began with a Victor Hugo group, including an early Wagner song "L'attente," the sketch for which is in the Zweig Collection.

Mr Woolf meanwhile interspersed the songs with apposite poems and prose. There was decidedly too much of it in the first half; breaking up the Debussy group with bleeding chunks of Baudelaire was better in theory than it worked in performance. *The second half flowed* much more easily, and the extracts from Flaubert's *Dictionary of Accepted Ideas*, with which a splendidly judged Offenbach group was counterpointed, provided a high-spirited finale.

Nothing detracted from the poise of the singing, however, nor from the acuity of Mr. Johnson's accompaniments. If one was forced to nitpick, then perhaps Miss Lott responded more freely to the Fauré — an exquisitely turned "Chant d'automne," a rapt "En Sourdine" — than to the Debussy, whose studied intensity might have been mitigated had she been able to present them without interruption. The four Offenbach numbers - two from *La Périchole*, one each from *La Belle Hélène* and *La Grand Duchesse de Gérolstein* - presented a side of Miss Lott's art that I at least have never encountered in the opera house. She has the wit and comic timing of a formidable stage comedienne, and one wonders if in the future an Offenbach production might well be fashioned around her at the Coliseum.

Arts Guide

April 8-14

Opera and Ballet

LONDON

Royal Opera (Covent Garden). Peter Hall returns to Covent Garden as producer of the eagerly awaited new Salome, conducted by Christoph von Dohnanyi, with Maria Ewing in the title role, Robert Hale, Robert Tear, and Helga Dernesch. The revival of the ancient, threadbare Zeffirelli production of Lucia di Lammermoor serves for the first London showings in the title role of Edita Gruberova. John Pritchard conducts, and the cast also includes Luis Lima, Wolfgang Brendel, and Giorgio Surjan. (240 1066)

English National Opera (Coliseum). Nicholas Hytner's new production of The Magic Flute is conducted by Ivan Fischer, and has Thomas Randle, Helen Field, John Rawnsley, and Gwynne Howell in the principal roles. Also in repertory: Ian Judge's production of Cavalleria Rusticana and Pagliacci, which is lively, inventive, over-detailed; cast includes Jane Eaglen, Arthur Davies, Angela Feeney, Alan Woodrow, and Jacek Strauch; and Janaček's Makropoulos Case, with Josephine Barstow returning to one of her most celebrated roles as the three-centuries-old heroine. (836 3161)

Royal Opera House (Covent Garden). Royal Ballet triple bill (Tue)

PARIS

Anjouta (TMP-Chatelet). After a Chekov novella, Vladimir Vassiliev choreography is danced by Vladimir Vassiliev, Ekaterina Maximova and dancers from Moscow's Bolshoi (42 33 44 44).

Danse Azima (Théâtre de la Ville). Daniel Larrieu and the Company Astrakan. (42 74 22 77)

Spectacle des Ballets (Paris Opéra-Palais Garnier). Alternates with Boris Godunov and is followed by Swan Lake choreographed by Nureyev, (47 42 53 71)

Boris Godunov (Salle Favart-Opéra Comique). Estonian Tallinn Theatre's austere production with accent on the title role constitutes a counterpoint to the same opera given at the Palais Garnier in the sumptuous later version. (47 42 53 71)

WEST GERMANY

Berlin, Deutsche Oper. Siegfried and Götterdämerung, both produced by Götz Friedrich, have Ute Vinzing, Ingrid Bjoner, Hanna Schwarz, Toni Kramer and Martti Salminen. Der Rosenkavalier returns with Anna Tomowa-Sintow, Ute Walther and Helmut Berger-Tuna. Der Troubadour in von Karajan's production features Maria Slatinaru, Carol Wyatt and *George Fortune*. Also in repertory: Die Lustigen Weiber von Windsor, Zar und Zimmermann and Don Giovanni with a cast led by Ferrucio Furlanetto (34381)

Hamburg, Statsoper. Turandot is steered to triumph by Eva Marton in the title role. Don Carlos stars Linda Plech, Grace Bumbry, Giacomo Aragall and Kurt Moll. Don Pasquale has Hellen Kwon, Giorgio Tadeo and Urban Malmberg in the leading roles. Also La Traviata. (351 151)

Cologne, Opera. Manon Lescaut has a particularly strong cast with Barbara Daniels in the title role, Gulliano Cianella, Alan Titus and Ulrich Hielscher. Cosi Fan Tutte brings Margaret Marshall, Andrea Andonian, Barbara Ringholz and Ludwig Baumann together. Rigoletto has Janice Hall, Eva Tamasy, Juan Lloveras and Wassili Janulako. (20761)

Frankfurt, Opera. France/Dance. Same Old Story and Bye Bye, choreographed by William Forsythe. Le Nozze di Figaro has fine interpretations by Tom Fox in the title role and Nan Christie as Susanna. (25621)

Stuttgart, Württembergisches Staatstheater. Fidelio, in Yuri Ljubimov's *production*. Madame Butterfly takes the leads Awilda Verdejo, Helene Schneidermann and Carsten H Stabell. Otello convinces, thanks to Michael Schönwandt as conductor. (20321)

Munich, Bayerische Staatsoper. Elektra starts Brigitte Fassbaender, Hildegard Behrens, Cheryl Studer and Jan Hendrik Rootering. Faust will be sung in French with Katia Ricciarelli and Alberto Cupido. La Forza del Destino is of more than passing interest with Julia Varady, Marjana Lipovsek and Piero Cappuccilli. Aida has a cast led by Eva Randova. (21851)

ITALY

Rome, Teatro dell'Opera. Alberto Fassini's production of Roberto Devereux by Donizetti, designed by David Walker. Raina Kabaivanska sings Elizabeth, with Salvatore Fisichella (Essex), Jean Philippe Lafont (Nottingham). Mario Ferrara (Lord Cecil), Cristina Anghelakova (Sara) and Carlo Striuli (Sir Walter Raleigh), conducted by Julius Rudel. (46 17 55)

Milan, Flying Dutchman (sung in German) in Michael Hampe's production, designed by John Gunter. Riccardo Muti alternates with Walter Weller, conducting a cast which includes James Morris (alternating with Alfred Muff in the title role), Robert Lloyd (Daland) and Deborah Polaski (Senta). (80 91 26)

Naples, Teatro San Carlo. Verdi's Luisa Miller in Attilio Colonnello's production with June Anderson, Susanna Anselmi, Roberto Scandiuzzi and Kurt Rydl, conducted by Miguel Gomez Martinez. (41 71 44)

Turin, Teatro Regio. Lucia Valentini Terrani making her debut in Carmen, in a new production by cinema director Claude d'Anna, conducted by Serge Baudo. (54 80 00)

NETHERLANDS

Amsterdam, Muziektheater. The National Ballet with a new production of Swan Lake by Rudi van Dantzig and Toer van Schayk based on the Petipa/Ivanov choreography (Tue to Thur). (25 54 55)

Groningen, Schouwburg. The Scapino Ballet Company in Coppélia, with the Northern Philharmonic Orchestra under Ed Spanjaard (Tue, Wed). (12 56 45)

NEW YORK

Lincoln Center Opera House, Metropolitan Opera. Final week of the season features Lulu conducted by James Levine with Catherine Malfitano, Tatiana Troyanos and Lenus Carlson. Jean Fournet conducts Werther with Frederica von Stade and Alfredo Kraus. James Levine conducts Cosi Fan Tutte with Kiri Te Kanawa, Susan Quittmeyer, Hei-Kyung Hong and David Rendall in Graziella Sciutti's staging. (362 6000)

Arts Festivals

Singing in the valleys

A HOUSE in the country has proved the inspiration behind the rekindling of music at Gregynog, a Victorian mansion just outside Newtown in mid-Wales owned for the past 25 years by the University of Wales.

Fifty and more years ago, Gregynog - then in the possession of the redoubtable Davies sisters, renowned as philanthropists - echoed not only to the music but also the presence of Elgar, Vaughan Williams and Gustav Holst. Festivals of music and poetry under the direction of Walford Davies drew crowds regularly to this beautiful part of the *Welsh plateau.*

However, it was not Gregynog itself that provided the inspiration for music to return but the fact that Anthony Rolfe John, one of the world's leading tenors, has a holiday home nearby. On holiday there a year ago, Johnson was asked to take part in a concert at Gregynog to raise funds for the Urdd, an organisation of young Welsh-speakers whose eisteddfod, or cultural get-together, is to be held in Newtown next May.

Johnson was delighted with his reception and suggested to the warden that there might be scope for something more comprehensive than a one-off concert - perhaps a festival. He promptly found himself organising it.

Others were quick to back him. Mid-Wales Development, the quango set up a decade ago to bring back economic life to the area, promised support. So, too, did some prominent companies. Laura Ashley, the international headquarters of which is only a few miles away, chipped in money alongside Austin Reed, Shulton (the Old Spice concern) and the trustees of the Davies foundation.

It was Johnson who found the *artists*, though - by the simple expedient of rounding up friends who were free during the week beginning June 26. The festival will consist of one concert each day except the Wednesday, which will be free, and the final Saturday which will have two.

Because Gregynog also played host to poetry, Johnson has included it as well. One evening will be devoted to a programme of songs and readings from the work of Housman (entitled, naturally, *A Shropshire Lad*).

Anthony Moreton

Portsmouth Competition

The Fourth Portsmouth International String Quartet Competition, which ended on Sunday, was won by the Vanbrugh Quartet from the UK. This is the first time a British group have taken first prize at Portsmouth. Max Loppert will be reporting on the event, and also on the prizewinners' Wigmore Hall concert, later in the week.

FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4 P4BY
Telegrams: Finantimo, London PS4. Telex: 8954871
Telephone: 01-248 8000

Tuesday April 12 1988

The funding of science

SCIENCE is a great survivor and it would be premature to read an obituary on British science, said Professor Sir George Porter in his Richard Dimbleby lecture on BBC television on Sunday. "But that is not to say all is well."

Sir George, who as president of the Royal Society is Britain's most senior academic scientist, said funding for astronomy and particle physics had fallen by 60 per cent since the mid-1970s. The 10 per cent annual growth in basic sciences had dropped to zero or less. "There now seems to be a deliberate policy of downgrading the pursuit of knowledge in deference to the pursuit of affluence."

Opportunities

Many academics agree with Sir George. Their case was articulated by Labour's Dr Jeremy Bray in the Commons debate on British science late in February. Dr Bray cited warnings from industrial scientists in the pharmaceutical and petrochemical sectors that Britain is losing its viability as a base for applied research. He drew attention to the recent report of the Advisory Board for the Research Councils, which said it was profoundly disappointed by the Government's refusal to give the research councils an extra £100m a year without strings.

The same board of advisers last summer, however, proposed a new strategy for British science, acknowledging serious failings, not least in the chasm between academic science and industry. They proposed that this chasm be bridged by a new kind of research centre, set up within universities and recruiting the brightest young scientists with their research council grants.

The new centres would be devoted to topics currently exciting the academics – superconductivity, molecular science, surface science, nuclear magnetic resonance – but would cut across traditional boundaries between sciences and be independent of established departments. They would be run by research directors who would also work closely with industry.

The Interdisciplinary Research Centre (IRC) concept – a similar scheme in the US calls them Engineering Research Centres – recognises that problems of the real world pay no heed to the traditional boundaries which stand between the sciences and define most UK university departments today.

Enthusiasts for the IRC believe it will require perhaps 30 or 40 such centres to realign British science with the nation's economic and social aspirations for the 1990s.

The problem is money. The Government wants the IRCs funded partly from the present science budget of about £700m a year, by stopping activities which have lost some of their promise; and partly with new money which it hopes industry will be willing to spend on more far-sighted research through the new centres.

The IRCs are still regarded with suspicion and distrust by many academics, who see them draining both talent and funds, as well as focusing on commercially exploitable opportunities rather than "curiosity-driven" research, the subject of Sir George's lecture. But the Government's advisers believe that substantial numbers of IRCs are the way to create a healthier scientific base.

Shortcomings

It is important that Britain should have a mechanism for managing and funding science in tune with the 1990s. Serious shortcomings in the present system have been acknowledged by the Government's scientific advisers. At the same time, it is important than any new scheme should not be over-centralised, should allow for the unpredictability of scientific advance and should offer the scientist diversity in sources of funds.

In principle the IRC seems to score on all counts. Moreover, academics themselves have put forward ideas for more than 70. A good test of government sincerity towards science would be for academics to endorse the idea of the IRC, and concentrate on making the case for more generous government help in setting them up more rapidly. So far there are funds to set up no more than two or three a year.

Signs of dissent in Hungary

JANOS KADAR may well have been the right man for the job of steering Hungary through the turbulence after the suppression of the 1956 uprising and the dreary, brutal Brezhnev years. But is he the right man for the Gorbachev era? His countrymen apparently think not, and the ripple effect of the new openness to Moscow is encouraging them to send him some fairly unmistakable signals that they think it is time for him to go.

Initially despised and mistrusted because of the circumstances in which he had greatness thrust upon him, he gradually achieved, if not greatness, at least respect for political skills which kept his country afloat during the difficult times. He always knew "what sort of people", as he once put it, he had to deal with in Moscow and how far he could push them.

Under his leadership, Hungary has been increasingly singled out both as a champion of economic reform and as a demonstration that increased responsiveness to market forces and to the outside world need not automatically harm that most sacred of Leninist sacred cows – the leading role of the party.

On the contrary, the relatively relaxed (in an East European context) political climate that developed around him, and his recognition of the stabilising effects of a steady supply of consumer goods, have done much to reconcile Hungarians to the party.

Foreign debt

But as people and party face the future, there is growing recognition that the stratagems and solutions of two or three decades ago will no longer do. The party has not the means to meet the expectations – economic and political – that it has encouraged to rise; the state has not the institutions to deal with the effects of its economic policies – the bankruptcies, unemployment and high per capita foreign debt.

Economic reform, though it has been carried probably as far as the system will allow, and certainly further than in any other Eastern bloc country, has not been sufficient to offset steadily worsening terms of trade, faltering growth and a decline in real incomes.

Political developments, including the introduction of multi-candidate elections (albeit within the one-party system) and the Kremlin's repeated insistence that reform is doomed without more democratic political structures, have revived a long-dormant tradition of vigorous political debate.

Many within the Eastern bloc, including Mikhail Gorbachev, believe democratic government, political choice, loyal opposition and intellectual liberty can be accommodated, even fostered, by the one-party state. Most Hungarians apparently do not. They are beginning overtly and covertly to press for pluralism with genuine alternatives to the people and policies put forward by the party.

Opposed factions

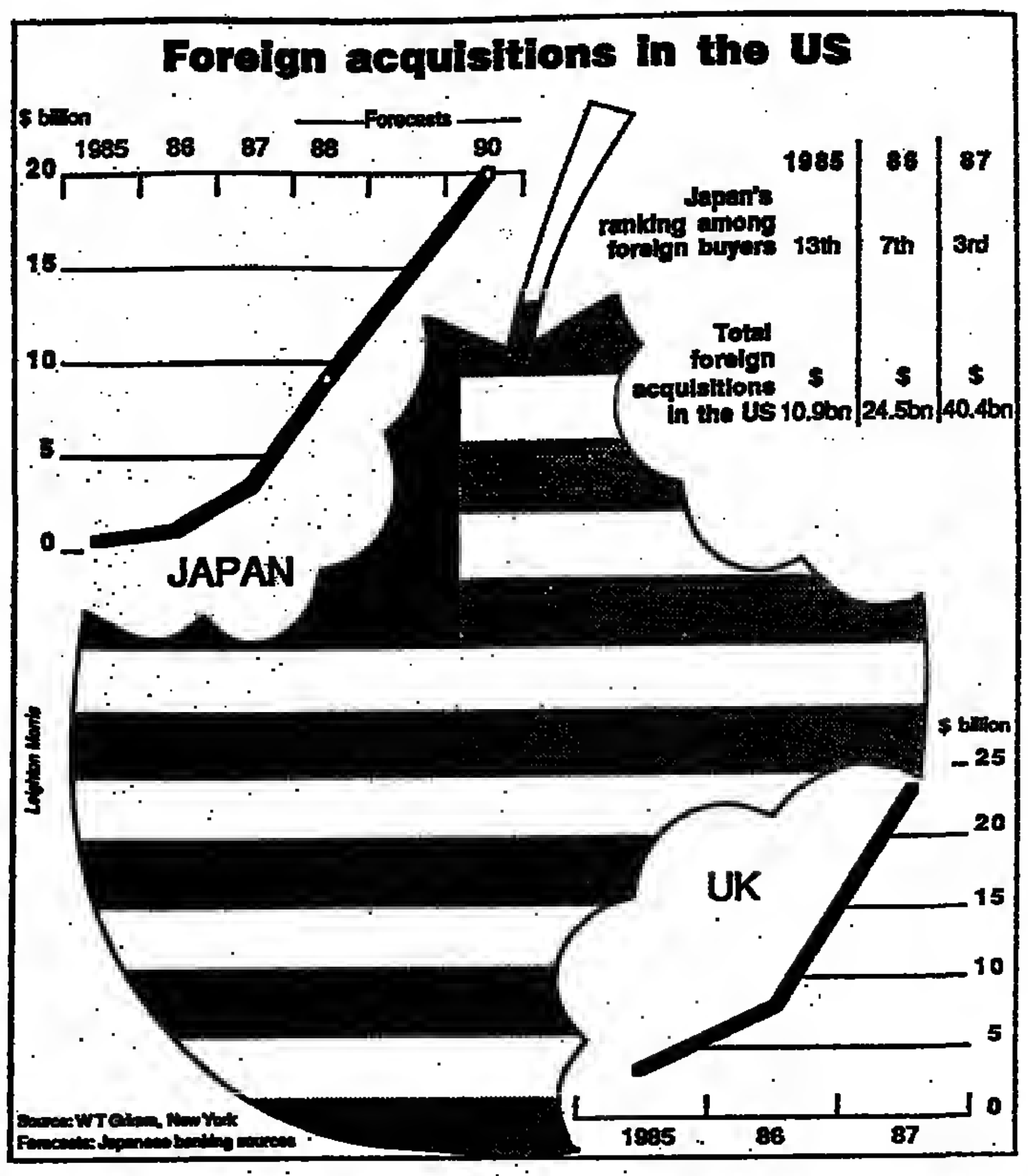
It is arguable whether the opposed factions and de facto coalitions that inevitably exist within any politicised community function more effectively when formalised into separate political parties than when left to operate informally within a one- or two-party system. For the democratisation that Gorbachev is advocating as essential to his restructuring, greater freedom to express, and canvas support for, alternatives to the party line, may be more relevant than the right to organise a political party. One man's glasnost could well be another man's pluralism.

Last month's party plenum in Budapest showed Kadar still in dominating form. His fingerprints were sprinkled over a draft programme which criticised the party's past performance but issued the stock calls for party unity, and the party's right to the leading role, proposing minor political reforms, including limited tenure of political office, but refusing to look at the more fundamental questions.

That programme comes up for discussion next month, when the party holds its first national conference since June 1957. The conference opens two days before the Hungarian leader's 76th birthday. Kadar, one of the wiliest birds on the East European stage over the past 30 years, may well be watching with some amusement, as his colleagues place, none too discreetly, their opening bids for the succession. So far, he has given no indication whether he intends to answer their prayers and make the occasion his swan song.

Carla Rapoport and Stefan Wagstyl report on the growing Japanese enthusiasm for takeovers in the West

The Osaka shoemaker wants to go global



JAPANESE buyers have been paying record prices for Van Gogh paintings and New York skyscrapers. Now, Japan is about to make a similar bang in takeovers.

Sony's takeover of CBS Records and Bridgestone's planned acquisition of Firestone Tire and Rubber are just the beginning. Hundreds of Japanese companies, most of them virtually unknown in the West, are eyeing companies in the US and Europe with a view to a friendly takeover.

Powered by the strength of the yen, Japanese companies have been transformed from spectators to participants in the international takeover market. According to the top Japanese banks involved in mergers and acquisitions, there will be up to three times as many takeovers of foreign companies this year as last.

Japan's Long-Term Credit Bank, one of the leaders in Japan's growing mergers and acquisitions business, says the value of foreign acquisitions by Japanese companies could top $8bn (£4.3bn) in 1988, more than double last year's total. This figure could be conservative. Sumitomo Bank alone expects to do up to $3bn in deals by the end of June. Most of this activity will be concentrated in the US.

British groups now head the list of foreign buyers of American companies but this distinction may soon be lost. "We will definitely surpass Britain, possibly next year," says Mr Toshihiko Yamamoto, joint general manager of Sumitomo's investment banking department.

The impact of this surge of acquisitions is incalculable. But it is so dramatic that US politicians are already protesting. The issue could well become the most serious point of conflict in trade relations between the US and Japan. Mr Akio Morita, Sony's chairman, has already organised a Council for Better Investment in the US; its first meeting was held last week.

For the moment, Japanese takeovers pose little threat to Western management and workers. All three of Japan's leading mergers and acquisitions advisers – Long-Term Credit Bank, Sumitomo and the Industrial Bank of Japan – say that their clients are only interested in friendly takeovers, or perhaps playing the white knight in a bid battle.

"Because of the drop in the dollar, Americans are worrying that their country is one big discount sale. But we don't want to invade the US. We want to work together," says Mr Yamamoto. He says that his clients also share their technology with their new subsidiaries but will not attempt to impose their management or management style on American companies.

Indeed, most of the hundreds of companies on the acquisition trail have almost no experience in this field at home or abroad. Acquisitions are rare in Japan and generally associated with corporate rescues. Overseas, Japanese companies have long preferred green-field ventures to takeovers. Japanese bosses have been put off primarily by a deep-rooted fear that they might not be able to understand or control their foreign managers.

Things are now changing rapidly, for a number of reasons. The most obvious is the strength of the yen which has made assets abroad, especially in the US, look cheap to Japanese buyers. This has been compounded by the October crash in the stock markets. While the prices of potential foreign acquisitions plummeted, Japanese companies have emerged from the turmoil relatively unscathed. Moreover, the crash knocked out possible rival bidders – especially US corporate raiders funded by junk bonds.

Further, Japanese companies are richer than ever. In the late 1970s, industry accounted for 70 per cent of all Japanese borrowings. Now, it is able to finance itself from retained earnings to a much greater extent – its share of Japanese borrowings is down to less than 15 per cent. At the same time, Japanese companies can now raise yen funds, for example, through equity warrants on the Euromarkets, for as little as 2 per cent.

But there is much more to Japanese interest in foreign acquisitions than simple opportunism. The key element has been the steady growth of awareness of international markets among the more tradition-bound domestic companies, such as pharmaceutical concerns and cement makers. As more Japanese managers have spent time abroad, so they have grown familiar with Western business practices. As a result, companies which are scarcely known abroad have developed plans to expand overseas. "Even an Osaka shoemaker wants to be a global shoemaker," says Mr Kevin Jones, a partner at McKinsey & Co, the management consultants.

Still, it is only in the last year or two that many Japanese executives have grown confident enough of their judgment to consider acquisition seriously. And their domestic banks have only recently developed the expertise to advise them. Mr Gregg Polle, mergers and acquisitions specialist at Salomon Brothers, the US investment bank, says: "It used to be that the only Japanese companies interested in foreign acquisitions were entrepreneurial Western-style companies. Now it is traditional bureaucratic companies like Bridgestone." (Bridgestone is buying Firestone for $2.6bn in the largest Japanese foreign acquisition so far.)

Some domestically minded companies, unlike well-known exporters such as Sony and Nissan, have realised rather late in the day the potential merits of foreign investment – especially the attraction of geographical diversification. But not everyone can easily follow in the footsteps of the big exporters and build plants abroad. In particular, companies in low-export industries such as chemicals, paper and glass do not merely need overseas production capacity but also market share, distribution networks, brand names and sometimes technical expertise. For them, acquisition has become an increasingly popular choice.

This is why the pioneers of foreign acquisitions have not been the best-known Japanese exporters, but have included companies such as Dainippon Ink & Chemicals, a leading chemicals group. Dainippon bought its first foreign company in 1976 and has since made two of the largest Japanese overseas takeovers – buying the bulk of Sun Chemical and Reichhold Chemicals, both in the US, for a total of more than $1bn.

Japanese companies have become leaders in many technologies, but they still feel the need to fill gaps. For example, several of the country's computer companies are known to be sniffing around Cray the US maker of supercomputers. Japanese groups also feel they can learn from the West in marketing consumer goods and services. This was a prime motive behind Aoki Construction's acquisition last year of control of Westin, a US hotel chain, for $1.3bn.

Most of the Japanese companies hunting for foreign acquisitions have no experience of takeovers at home or abroad

Financial companies form the biggest contingent buying abroad. Like the low-export companies, they are primarily interested in access to foreign markets and foreign expertise. Sumitomo Bank, Nippon Life and Yasuda Mutual Life have between them paid out $1.3bn for stakes in New York investment banks. Early this year, Bank of Tokyo bought control of Union Bank, Standard Chartered Bank's Californian subsidiary.

Nevertheless, the shift in Japanese corporate thinking in favour of acquisitions will not create an avalanche, at least not immediately. Corporate acquisitions accounted for only about 12 per cent of Japan's $32bn direct investment overseas last year. Plant investment in low-wage south-east Asian countries absorbed much more capital. This year, acquisitions' share of overseas direct investment could double, but bankers say that most of the activity will be deals between medium-sized companies, not the industrial giants of Japan taking over the leaders of American and European industry.

The key element of a Japanese takeover, they claim, will be the forging of an alliance with the existing management. Mr Tadashi Natori, general manager of the investment banking division at Industrial Bank of Japan, says Japanese companies are not in a position to transfer large numbers of staff to a new acquisition. "The quality of the management has to be good. And they have to stay in place," he says.

Japanese buyers are so willing to pay for quality that they have sometimes been accused of overpaying. Japanese bankers deny this, arguing that Westerners often try to judge acquisitions on financial data alone – ignoring the fact that a particular purchase is sometimes uniquely valuable to a particular buyer.

For example, Sony, the Japanese electronics group, was criticised by Wall Street analysts for paying $2bn for CBS Records last year. However, Japanese analysts emphasised that CBS's vast library of recordings could be worth far more to Sony than almost any other buyer – because of the potential value of the marriage between Sony hardware and CBS software. "Japanese companies are not interested at all in short-term money games," says IBJ's Mr Natori. The Japanese commitment to the long-term is already apparent in the way in which Japanese companies have handled past acquisitions. Before Sumitomo Rubber bought the operations of the UK tyremaker Dunlop in the early 1980s, the business was in serious trouble. Since then, however, Sumitomo has made better use of the Dunlop brand than the previous managers.

As they gain more experience of US takeovers, Japanese companies will become more interested in European acquisitions, especially in the UK. They are wary of the potential regulatory, commercial and cultural barriers to takeovers on the Continent, highlighted by the difficulties faced by Mr Carlo de Benedetti, the Italian financier, in his bid for the Belgian conglomerate Société Générale de Belgique. Mr Natori says: "Most of the European companies we have looked at are British."

All this activity in foreign acquisitions is going to have one undesired effect at home. It is going to increase the pressure on Japan to make things easier for foreigners wishing to buy Japanese companies. Currently, there are no legal barriers to such purchases, but they happen rarely because of the entrenched business and government sentiment against them.

The Ministry of Finance is understood to be studying the issue at the moment, hoping to prevent a full-scale trade row over the matter. Considering the speed at which Japanese companies are moving into the acquisition business, however, the ministry may be facing an impossible task.

OBSERVER

China's new leader

Li Peng, the new Chinese premier, has an image problem. Ordinary Chinese think of him as a plodder, while the superstitious consider him to be "unlucky", as his five months as acting premier were marked by a spate of train and aeroplane accidents.

Foreigners tend to label him pro-Soviet because of his years spent at the Moscow Power Institute's engineering department. Most diplomats regard him as a cautious reformer, a man who puts "stability" before "progress".

The party's image management men are conscious of his problem, and probably encouraged him to wear a well cut double-breasted suit at the opening of the National People's Congress, which confirmed him as premier. His new official biography claims that "people close to Li Peng find him affable and sociable," and that he does his share of household chores.

But even if he does away with his drab wardrobe and masters the quick quip for the cameras, he will be unable to change the public perception that he inherited the job, that his best qualification was to have been adopted by the late premier, Zhou Enlai, after his father died a revolutionary martyr. It is widely thought that his support comes from the fading old men who sit atop the party and that he has been unable to cultivate strong ties with the officials below.

The most interesting aspect of Li's reign will be the relationship with Zhao Ziyang, the general-secretary, who is an aggressive reformer and has encouraged the hesitant premier to allow high growth rates and to tolerate inflation. While Li does not have the backing to threaten Zhao, a new crop of economic problems would strengthen his position.

A foreign specialist who has had audiences with both Zhao and Li said that the former is an enthusiastic listener, takes notes and is grateful for suggestions, while the latter listens intently enough, but is liable to end with something like: "Well, that's all very interesting, but this is China."

Li has a fondness for grand projects, which perhaps he picked up in the Soviet Union. He made his name as a minister of electric power and was appointed a vice-premier in 1983, though he has not lost his love of electricity. During a visit to the US in 1985, Chinese television showed him studiously taking notes at a hydro-electric plant, while the then Chinese President, Li Xiannian, was seen to be enjoying himself at Disneyland.

French ruin

"There are three ways to ruin yourself: gambling, women and technology. Gambling is the fastest. Women are the most pleasurable. Technology is the most certain."

That was Sir George Porter quoting the late President Pompidou of France in the Dimbleby Lecture on Sunday.

"You're a man of the world - what does a fish look like?"

No catch in it

The River Tay which holds the British record for a salmon caught on rod and line has been suffering a dearth of good spring fish this year.

The gillies who look after the fishing beats have been blaming the mild wet winter which they say has caused the fish to run quickly up the lower stretches instead of waiting up in the known lies. But that does not explain the lack of fish in Loch Tay where sport has been equally dismal.

Just two fish were caught on the Upper Scone beat at Stanley last week, while 18 were caught in the same period last year (though that was an exceptional week for the Tay in spring these days).

The overall decline remains a mystery, though the finger is pointed, depending on the most fashionable theory of the time, at the commercial netsmen who fish the estuaries, at seals, growing in numbers now they are no longer culled, at the Faroese who had the good fortune to find the Atlantic salmon feeding grounds, and at acid rain which may turn out to be the worst enemy of all.

The Tay angler is not easily deterred in spite of the odds. But fishing eight hours a day and sometimes longer, six days a week, demands blind optimism which can distort the imagination. So much so, according to the gillies, that one excited fisherman played his catch valiantly for 20 minutes to land a fine specimen of a plastic bucket.

Unlikely theory

Barron's, the national US business and financial weekly, takes a certain pride in being well informed and giving sound market advice to its readers.

Indeed it had something of a world exclusive last October in predicting, however cautiously, the onset of the great crash. The only trouble was that readers would have needed a copy bright and early and to have acted with alacrity to have saved themselves.

But it was there on the front page of the issue dated October 19 1987: "Dow Theory Predicts Bear Market."

Robert Bleiberg, editorial director and publisher of Barron's, is a great believer in Dow theory – the technical approach to markets that says you can accurately predict the future by looking at how a number of key averages perform.

"It didn't do very many people very much good," said Bleiberg in London yesterday. However, he took his own advice and got out of as many stocks as possible under the strict rules on trading applied to all employees of Dow Jones, Barron's parent company.

Bleiberg claims it was further backing for Dow theory which, he says, has proved more than 60 per cent accurate during the course of this century.

The theory ignores fundamentals such as interest rates and concentrates on how both the Dow Jones Industrial Average and the Transportation Average perform.

If both rise strongly for two or three months, then simultaneously decline for about six weeks and there is a subsequent resurgence passing previous peaks, Bleiberg believes you are justified in declaring a bull market. "It's like the flow of the tides," he says.

There are those now using Dow theory to predict the end of the recession and the onset of another bull market. Bleiberg is more cautious: "I think the risks are growing with the growth of complacency."

Split lighting

A guest in a Dublin hotel reported that the 100 watt bulb in his bedside lamp had gone and asked for a replacement. Five minutes later the night porter turned up and said: "We're out of 100s, sir, so I've brought you two 50s."

Letters to the Editor

Sanctions must offer a way out

From Merle Lipton.

Sir, Edward Mortimer rightly stresses the *importance of the* moral issue in relation to the question of sanctions and South Africa (March 29). But the morality of actions *cannot* be *measured* only in terms of some intrinsic quality; account must also be taken of their consequences. If *sanctions make a* bad situation worse, then the morality of applying them becomes questionable, despite the importance they have *acquired* as a symbol of opposition to apartheid (a role I would not wish to disparage).

The idea of using sanctions mainly in relation to regional southern African (rather than domestic South African) issues could prove fruitful. There is a stronger case in international law for such a use, and this might avoid some of the unintended and counterproductive political effects to which sanctions have contributed.

In considering such uses, the international community has not only the option of intensifying sanctions; it also has the options of imposing a standstill on sanctions, or rolling them back. The standstill option could be made conditional upon, for instance, observance of the Nkomati Accord and termination of South African intervention in Angola and other neighbouring countries. Both sides would have to deliver – as South Africa did not do over Nkomati and as the outside world did not do in response to South Africa's efforts to de-racialise sport.

If such an approach proved fruitful, then a roll-back could be considered in return for specific, achievable goals within South Africa, such as the lifting of restrictions on political opposition and/or abolition of some of the major remaining apartheid measures, such as the Land Act and segregated education. Such concessions leave aside the question of political rights. However, they do not preempt resolution of this central and most difficult question, and they could ease progress towards it.

"Constructing a cage" to keep South Africa out of the region, as Mr Mortimer suggests, is likely to prove extremely difficult. What might be more viable is a two-pronged policy that: (a) extends (credible) offers of economic and military support to neighbouring countries, and (b) simultaneously offers South Africa (realistic) ways out of its laager. The willingness of whites to negotiate might be increased not only by raising the costs of continued white rule, but also by increasing the attractions of alternatives to *"life under sanctions" through*, for example, a Marshall plan for the region.

Merle Lipton,
5003 Worthington Drive,
Bethesda,
Maryland, US

A not so gilded vision of 1992

From Dr Marie-Paule Donsimoni, Dr Elisabeth Rocha and Dr Stan Standaert.

Sir, William Dawkins (March 30) rightly describes the Cecchini report as offering a "Gilded vision of 1992", as well as valuable ammunition for those seeking to promote the single European market. The results of our own detailed examinations of the likely impact of the proposals differ from the report's both qualitatively and quantitatively.

In attempting to provide a politically neutral and realistic economic forecast, rather than a magical glimpse of the potential future, we have emphasised the time lags and adjustment costs that will clearly be associated with the move towards the completion of the internal market.

The exploitation of increased economies of scale will require heavy investment as well as relocation decisions. Small companies lacking the cash for such expenditures may well suffer, and even the large multi-nationals will be faced with increases in costs and reductions in profits during the transition period. Increased competition and a reduction of monopoly power will necessarily be to the detriment of those currently protected and indirectly subsidised by nationally oriented public procurement practices. In addition, the reduction in transportation and administrative costs generated by the abolition of physical barriers will amount to a "free-gift" to non-European Community (EC) countries exporting to this newly unified market.

Studying the macro-economic impact for the 12 EC countries, we find much smaller effects than those described in the Cecchini report. By 1995, we estimate that Community gross domestic product will be boosted by 0.5 per cent (17.5bn Ecus at 1987 prices) and employment will have risen by 300,000.

However, we anticipate that the impact at an industrial level will be much greater than this aggregate analysis suggests, as changes in indirect taxes will lead to shifts in relative prices. Looking at the detailed picture for 50 industries in France, West Germany, the UK and Italy, we see, for example, a boost in production of consumer durables but gains for our external trading partners in other areas.

We are not seeking to disagree with the Cecchini report's conclusions; rather, while they describe the greatest possible benefits which might eventually accrue, we have tried to assess the most likely outcome by 1995.

Marie-Paule Donsimoni, Elisabeth Rocha, Stan Standaert,
DRI Europe Inc.,
Avenue Louise 221 Boite 5,
B1050 Brussels,
Belgium.

Too many large umbrellas per Square Mile

From Mr N. Neill.

Sir, The proliferation of large golf umbrellas in the City of London is getting out of hand. They are totally unsuited to the crowded pavements and narrow alleys within the Square Mile.

Perhaps it is not generally realised that a 4ft diameter open umbrella takes up 80 per cent more air space than the standard 3ft diameter model. May I suggest that if people insist on colourful or patterned models there are many now available in the standard size to suit their requirements.

N. Neill,
11 Balfour Place,
Upper Richmond Road, SW1.

Pricing out the small fry

From Mr David J. Christopher.

Sir, With regard to the Conservatives' boast of a "wider share-owning public," I would like to question how realistic this claim is, or will be.

In a recent purchase of British Aerospace shares as a gift to a son, only £235 of a total of £260 went to buying the shares, and the "minimum commission" of £25 accounted for the difference – in fact more than 10.6 per cent of the investment amount; so to break even on the buying-selling transaction, the share value must increase by more than 21 per cent, or more than 81p per share in this case.

Clearly brokers have no interest in the small fry and only really cater for the multi-thousand pound buyers of the large *investment institutions.*

I have no figures, but I suspect that the large majority of the Conservatives' "larger share-owning public" are in the relatively small category like myself. Once they realise they must lose 20 per cent of the investment for the privilege of being in this club, they will reverse this proud Conservative claim.

David J. Christopher,
Briardale Road,
Willaston,
South Wirral.

Quality is no longer a serious problem

From Mr Richard Bullock.

Sir, You gave much space (April 5) to a leaked interim report of a confidential study commissioned jointly by the Department of Trade and Industry (DTI) and the Japanese Export Trade Research Office (JETRO) – an arm of MITI – about local sourcing of components by Japanese equipment manufacturers in the UK.

The Electronic Components Industry Federation (ECIF) had been told of this study by the DTI, which had agreed to discuss its findings with us when complete. I am *informed* that the report from which you quote is no more than an interim working document. Our comments at this stage can therefore only be provisional.

ECIF has long been concerned at the relatively low proportion of components sourced in the UK by Japanese manufacturers. ECIF does not accept the apparent attribution of all responsibility for this to the component suppliers; one of the manufacturers included in our programme of visits to Japanese equipment manufacturers, mentioned by Terry Dodsworth (FT April 7), claims to have 90 per cent UK content in some models – which makes it clear that suitable British components can be procured.

In particular, we know of no evidence for the belief that quality is now a serious problem. On the contrary, as Terry Dodsworth correctly reports, no significant complaints about electronic component quality were raised during our series of visits to Japanese manufacturers; furthermore, the Japanese themselves stated at a formal industry-to-industry meeting in 1985 that quality was no longer a problem – and they have not departed from this.

The report is stated to be based on a sample accounting for only one third of total component purchasing by Japanese manufacturers in the UK. This may explain the curious fact that for one product where – according to the table you published on April 5 – the UK content was "nil," I can immediately identify one ECIF member which sold substantial quantities in 1987 to a number of leading Japanese manufacturers. This must raise considerable doubts about how representative the figures in the table really are.

One final point: ECIF is described (FT April 7) as representing "only one section of the component suppliers involved in the electronics industry." The fact is that, of 14 component categories listed in the table, manufacturers of 11 are represented by ECIF (together with its affiliate, the Printed Circuit Association).

Richard H. W. Bullock,
ECIF,
7-8 Savile Row, W1

Selling to Japanese companies

From Mr Alfred Gooding.

Sir, David Thomas's article (April 5) on a report on the supply of components to Japanese plants goes to the heart of a major issue. While Cooper and Lybrand's initial survey is, no doubt, based on information obtained on a confidential basis, the matters raised are of such significance that the Department of Trade and Industry should publish, without delay, as full a version of the report as is compatible with the basis on which it was compiled. As a taxpayer I helped to pay for the study: I should like to know the outcome – warts and all!

As chairman of Race Electronics Limited, I have firsthand experience of supplying components to several Japanese companies. The partnership has been, and is, very successful – for them and for Race. The secret of that success is really no secret at all: we produce what they want, to a standard which they quite rightly demand, at a price which is competitive and to a timetable which meets their stringent requirements.

Japanese companies are making an important contribution to the UK economy in terms of direct jobs and exports. They are making an equally – if not more – important contribution by imposing their high standards of quality, price and timing on UK companies that want to do business with them.

Our own experience at Race is that by meeting those standards, day in day out, we are not only expanding our business with them but also finding it much easier to sell to non-Japanese companies.

David Thomas's article illustrates the enormous further scope there is for British companies to meet the ever-growing demands of Japanese companies for components. Race's record shows that it can be done. But it can only be done on terms which satisfy the requirements of the Japanese. If British companies fail to meet these needs, we shall have only ourselves to blame if components continue to be sourced from Japan, or if the Japanese set up their own component plants in this country.

Alfred J. Gooding,
Executive Chairman,
Gooding Group Ltd,
27 Park Place,
Cardiff.

Benefit of share options

From Mr Aidan L. Langley.

Sir, I do not agree with Mr Peter Brown (Letters April 7) that cash bonus schemes are likely to replace share option schemes although, of course, cash bonus schemes have a very important place in remuneration planning. The disadvantage of a cash bonus scheme is the effect on the employer's cash flow. Cash bonuses attract social security contributions, although they are, of course, corporation tax deductible. When a cash bonus is paid, there is a net cash outflow for the employer.

A conventional share option scheme, where the option holder subscribes for new issue shares, enables benefits to be provided at no cash cost to the employer; in fact, there is a cash inflow when the options are exercised. The benefit is effectively provided by the market and the cost to shareholders is in the dilution of their shareholdings.

Another possibility, in which many of our clients are showing keen interest, is the establishment of an employee share ownership plan (ESOP) to acquire a significant shareholding and "warehouse" those shares – distributing them to employees through share schemes over a period of years. The ESOP can be funded partly by borrowing from the employer and partly by borrowing externally, so the only necessary cash cost to the employer is the interest foregone, net of tax, on the amount lent. Voluntary contributions paid to the ESOP to enable it to repay the external borrowing may be corporation tax deductible. Since existing shares are being used, rather than new issue shares, there is no dilution for existing shareholders.

Aidan L. Langley,
Clifford Chance,
Royex House,
Aldermanbury Square, EC2.

Pensions that favour the few at the expense of the many

From Mr Alan Smallbone.

Sir, Confederation of British Industry (CBI) members like "final" (a euphemism for "leaving") salary schemes because they are calculating; Trades Union Congress (TUC) members because they have swallowed the pensions industry's propaganda (Letters April 7).

The truth is that final salary scheme funding requirements are age-discriminating – massively and progressively so, making membership of such schemes a threat to job stability and therefore immoral. The advantages to employers are as follows:

These schemes enable those who operate them to enjoy the services of most of their employees pensions-cost-free up to the age of 45. (Most schemes are "contributing". For all but a few very highly paid staff – 90 per cent of taxpayers earn under £21,000 a year – leavers' "frozen" pensions will be sustained by their own contributions).

Quite early in careers, salary costs can be artificially held down (Snooks has had an offer of 20 per cent more from a competitor, but his pension will be crippled if he moves): more so for older staff than for younger.

For those who successfully break through into the upper regions of a company, where they select other employees for "early leaver" treatment, huge pensions can be, in effect, self-awarded. If, say, the chairman is given a last £30,000 rise over his previous salary of £x a year (it does not matter whether £x is £36,000 or £136,000 provided he has accumulated sufficient years), it may cost him 5 per cent (a customary self-contribution level) for, say, three years: £4,500 in all (subject to tax relief); in return for which he will get £20,000 extra for life, in pension.

Occupational final salary schemes are exercises in inequitable redistribution, easily rigged to favour the few at the expense of the many.

Alan Smallbone,
30 Temple Fortune Lane, NW11.

From Mr Charles Lowe.

Sir, It is probably the nature of the problem that only those who are well advanced in years or who have a professional interest are sufficiently exercised to enter the pensions debate.

Final salary schemes were conceived in those days when it was far more likely than it is now that one would spend one's entire career, of perhaps 40 years or more, with one organisation while progressing steadily within it.

Save for the comparatively few, this situation will simply not arise in the future. The trend towards mobility and flexibility of labour will inevitably increase; economic development will not permit otherwise, neither will the growing predilection of the workforce for variety and change.

Although legislation (and it has taken legislation to do it) has slightly improved the lot of the mid-career job-changer, try explaining what has happened to the "firm's contribution" to someone who is taking a transfer at 35 after 10 years in a final salary scheme.

As in so many things, it is unlikely that there is a universal solution and, while agreeing wholeheartedly with the sentiments expressed by Mr Keith Standring (Letters April 7), I would suggest that many of the virtues attributed to personal pensions by those designing and marketing them can be achieved by company-operated money purchase schemes.

If nothing else, workers know what is being accumulated in their names and are not at the mercy of what they may see as an esoteric actuarial calculation, which apparently bears little relation to what their employer (or worse they themselves) have invested over the years.

Charles Lowe,
Blue Arrow Employment Group Ltd,
24/26 Baltic Street, EC1

FOREIGN AFFAIRS

No victory, alas, in Afghanistan

Robert Mauthner argues that the formula for Soviet withdrawal sets a worrying precedent

IT IS difficult to know whether to cheer or to weep over the agreement on the Soviet military withdrawal from Afghanistan, which is expected to be signed in Geneva this week, with Moscow and Washington acting as guarantors.

There is cause for both, but it is probable that the rejoicing will be short-lived. The arrangements do not provide for a cease-fire and do not solve the fundamental problem of Afghanistan's political future. Indeed, the aftermath of the Soviet pull-out could be as bloody and destabilising for the central Asian region and for East-West relations as the eight and a half years of Soviet occupation.

In these circumstances, to hail the proposed agreement as a great US diplomatic victory, as some in Washington are already preparing to do, would be somewhat premature.

Certainly, the Soviet Union has been obliged to acknowledge the failure of a military adventure which has proved to be as ill-judged and almost as costly as that of the US in Vietnam. But the victory (if it can be so described) has been much more that of Mr Mikhail Gorbachev over his late predecessor, Mr Leonid Brezhnev, whose notorious intervention doctrine served as the pretext for the Soviet invasion of Afghanistan in December 1979.

Mr Gorbachev, as has been clear for some months, was prepared to pull out his 115,000 troops from Afghanistan whether or not agreement was reached at the United Nations-sponsored Geneva talks. For a mixture of domestic and foreign policy reasons, the Soviet leader had decided very soon after his election that the game was no longer worth the candle.

The military operations in Afghanistan were absorbing too much money, manpower, energy and attention at a time when Mr Gorbachev was already having difficulty in concentrating the minds of the Soviet leadership and people on his controversial economic reform programme.

As *glasnost* allowed the Soviet media to give much more information than hitherto on the hardships suffered by Soviet soldiers in Afghanistan, popular discontent with the war was at last making itself felt. Not least, there was a risk of growing unrest among the Moslem population of the Soviet Union's central Asian Republics, as the Afghan Mujahideen continued to demonstrate their success in keeping at bay the powerful Soviet military machine.

To these domestic factors must be added some strong foreign policy incentives for ending the Afghan conflict. The settlement of regional problems, as Mr Gorbachev and President Reagan had agreed at their various summits, was an essential condition for an improvement, not only of US-Soviet relations, but of the whole East-West picture. Moreover, Afghanistan has long been considered by the West as a test case for Mr Gorbachev's desire and ability to match his accommodating words with deeds.

Since the US had placed such a high priority on the withdrawal of Soviet troops from Afghanistan, it was clear that Mr Gorbachev also believed that his strenuous efforts to maintain the momentum of nuclear disarmament negotiations with the US could be undermined by this festering problem.

That consideration was becoming particularly important, given the Soviet leader's desire to settle at least the broad lines of a Start agreement on a 50 per cent reduction of strategic nuclear weapons at his fourth summit meeting with Mr Reagan in Moscow at the end of May.

It had long been clear that Mr Gorbachev, acting on the principle that it is better to deal with the devil you know than the devil you don't, wanted to tie up the Start agreement with President Reagan, rather than wait for the election of his successor, who might or might not prove more amenable. However, the Geneva nuclear arms negotiations became bogged down in verification problems and time was getting extremely short. As it is, the Soviet troop withdrawals from Afghanistan are due to begin on May 15, only two weeks before the Moscow summit, which could be the last meeting of substance between the two leaders before President Reagan bows out of the White House in January next year.

If Mr Gorbachev had strong motives for resolving the Afghan conflict as quickly as possible, President Reagan was clearly equally anxious to end his Presidency in as glorious manner as possible.

To add the Afghanistan cup to his trophy cupboard, which already contains the Intermediate Nuclear Forces treaty and which could be further embellished with a Start agreement, would rank as a major foreign policy achievement in any future assessment of his presidency.

So the old adage has held good. If both superpowers have the political will, there is always a way. The question is whether that way is the right one and whether the mutual desire of both Moscow and Washington to come up with an agreement in time for next month's summit has not led to the sacrifice of some important principles.

The path chosen by the US and the Soviet Union to disengage themselves from Afghanistan must look more like a minefield to the Afghans, about 1m of whom have lost their lives in the conflict and 5m others of whom are dispersed as refugees in Pakistan and Iran.

To describe the agreement as "imperfect", as Mr Diego Cordovez, the UN mediator has done, must rank as the understatement of the decade. It fulfils the normal criteria of a peace settlement only in that it provides for the withdrawal of Soviet troops over a period of nine months, with half of them leaving in the first three months. What happens in the vacuum left by the Soviet troops is something that has proved too much for the human beings who have drafted the agreement and has been left, for all intents and purposes, to fate.

The absence of any specific provision for the formation of an interim government in which both President Najibullah's Moscow-backed Kabul regime and the seven-party Mujahideen alliance would be represented, is a major weakness.

The Pakistanis who, sensibly, had made agreement on this point a prior condition of any overall deal, were finally persuaded to drop their demand under strong pressure from both Moscow and Washington. Only a vague statement by Mr Cordovez indicating that, backed by all the parties concerned, he would continue "in a private capacity" to try to work out arrangements for a broadly-based government in Afghanistan, offers the slimmest hope of a negotiated political settlement. But, given the profound disagreement between the Kabul regime and the Mujahideen, themselves seriously divided over the composition of such a government, it would be unrealistic to suppose that anything short of force of arms would be able to settle the matter.

Both sides clearly believe they have the military capacity to impose their will. The bizarre "positive symmetry" formula which will govern military aid by Moscow and Washington to their respective Afghan protégés will do nothing to undermine that confidence.

Both the Kabul regime and the Mujahideen, who have each built up stockpiles of arms which will last them for many months to come, can be certain that any new supplies of arms to one of them will be matched by supplies to the other. That is a very far cry from the solution originally proposed by the US, under which both Moscow and Washington would have undertaken to suspend their arms deliveries, thus creating a much more credible basis for a peaceful settlement.

The symmetry may be positive, but it is difficult to envisage anything but negative results. While allowing the Soviet Union and the US to claim that they are not abandoning their friends, the formula is calculated to dissuade the warring factions from sitting down at the negotiating table and to ensure they prolong their armed conflict. If this is an example of how the superpowers intend to settle other regional problems, such as Angola, the rest of the world had better fasten its seat belts.

FINANCIAL TIMES

Tuesday April 12 1988

RELAXATION OF HIGH-TECH EXPORTS UNLIKELY

US-Soviet talks may ease trade

BY QUENTIN PEEL IN MOSCOW

SPECIFIC STEPS to expand trade between the US and the Soviet Union could be agreed at high-level talks in Moscow this week, but they are likely to stop short of any real relaxation of the US ban on high-technology exports.

Mr William Verity, US Commerce Secretary, spelt out this cautious message yesterday on his arrival in the Soviet capital for the annual meeting of the US-Soviet Joint Commercial Commission. He insisted that any improvement in the modest trade links depended on "improvements elsewhere in our relations."

However, his arrival coincided with the confirmation of a new joint venture between Honeywell, the US industrial control systems manufacturer, and the Soviet Ministry of Mineral Fertiliser Production, intended to streamline the country's huge fertiliser industry.

The US-Soviet talks starting today also coincide with a meeting of 500 US businessmen and 300 Soviet state industry managers, organised by the private-sector American-Soviet trade and economic council, in the hope of increasing trade flows.

Mr Verity said: "We hope to reach agreement on some specific steps that can expand our trade, within current policies."

The meeting of the Joint Commercial Commission was given a specific mandate by last December's summit meeting between President Ronald Reagan and Mr Mikhail Gorbachev to develop "concrete proposals" to improve trade relations. Soviet exports to the US last year reached only $469m against US sales to the Soviet Union worth $1.5bn.

The Honeywell deal's primary aim would seem to be boosting US exports.

The new company, to be called Sterch, will provide process control systems for chemical fertiliser and agricultural chemical manufacturing plants, based on Honeywell's TDC 3000 systems.

Mr James Verrant, senior vice-president of Honeywell, said the company was planning to invest $1m in the joint venture, but was hoping the new company's sales would reach some $20m in the first year.

The company will be allowed to remit Honeywell's 49 per cent share of the profits in hard currency, to be provided by the foreign earnings of fertiliser plants in the Soviet Union that use the new control systems.

AT&T 'will not increase stake in Olivetti'

BY Alan Friedman in Milan

AMERICAN TELEPHONE & Telegraph (AT&T), the largest single shareholder in Olivetti, the Italian data processing equipment group, has agreed after apparently lively talks with Olivetti chief Mr Carlo De Benedetti not to increase its stake beyond the 22 per cent it currently holds.

The decision follows what Olivetti described last night as "a fundamental difference of opinion with AT&T."

The US telecommunications group, according to Olivetti, wanted to transform the Italian company into an operating division. Mr De Benedetti is understood to have objected violently to the proposal and last Saturday flew to New York, where he held a hastily convened meeting with AT&T top management.

AT&T originally bought a 25 per cent stake (since diluted) in Olivetti in December 1983 and signed a stand-still accord that expired this month. Under the original deal, AT&T would have been able to boost its Olivetti holding up to 40 per cent after the stand-still accord expired. But talks between Mr De Benedetti and the Americans on this issue produced what Mr De Benedetti yesterday called "different visions about the reciprocal roles of the two companies."

The US group had been proposing since last October a presence in Olivetti which Mr De Benedetti feared would cost the company its independence and to which he refused to agree.

An Olivetti spokeswoman said last night that "we had a fundamental difference of opinion with AT&T over the future autonomy of Olivetti." Mr De Benedetti said yesterday that Olivetti's autonomy "is an absolute priority and not open to discussion."

With the final AT&T proposal on the table and the stand-still agreement about to expire, Mr De Benedetti met AT&T management in New York at the weekend, where it is believed he threatened to try to block any bid by the Americans to reach 40 per cent. As a result, it was agreed that AT&T would remain at 22 per cent.

Ayatollah Khomeini: protest at world arrogance

Khomeini warning on Mecca pilgrims

AYATOLLAH Ruhollah Khomeini, Iran's spiritual leader, said yesterday 150,000 Iranian pilgrims would travel to Mecca this year and stage demonstrations against "the infidels, America and Israel," agencies report from Nicosia.

Plans for the pilgrimage and demonstrations had already been announced by Iranian officials, but yesterday was the first time Khomeini referred to them.

Last year, 402 pilgrims, including 275 Iranians, were killed in riots which began with a protest rally in Mecca during the Hajj, or pilgrimage.

The Saudis warned they would prevent demonstrations during the Moslem pilgrimage this year.

Tehran Radio, monitored in Nicosia, said Khomeini warned Saudi Arabia against stopping the pilgrims. It said he made the remarks to four Iranian Hajj officials who asked his opinion on the number of pilgrims and demonstrations in this year's ceremonies which begin in mid-July.

Khomeini was quoted as saying: "This year, 150,000 pilgrims will participate in Hajj rituals and the pilgrims will do their duty, which is disowning the infidels, America and Israel.

"It is not possible for our pilgrims to take part in the Hajj and not demonstrate against world arrogance," Khomeini said.

"Basically, disowning the infidels is one of the political duties of pilgrims, and without it the Hajj would not be the Hajj.

"The Al-Saud should realise that if they act otherwise, they will be facing all the world's Moslems, and if they act correctly and properly it will be in their own interests."

After last year's violence, Iran called for the overthrow of Saudi Arabia's ruling family, saying it was unfit to have custody of Mecca and Medina, holy places of Islam.

Saudi officials said many pilgrims were trampled to death or killed in street brawls which followed last year's demonstration. Iran claimed police killed the pilgrims with machine guns.

A Saudi Minister last week announced quotas on *pilgrims* which would cut down the number from Iran by two-thirds.

Angry demonstrators sacked the Saudi and Kuwaiti embassies in Tehran after last year's Mecca clashes and Tehran-Riyadh relations, already strained by Saudi backing of Iraq in its war with Iran, deteriorated further.

An Arab summit in Amman last November backed Saudi Arabia and criticised Iran for the violence.

Lazard banks agree to extend partnership

By David Barchard in London

MEMBERS OF Lazard Partners, the international banking group which includes Lazard Brothers of London and Lazard Frères in New York and Paris, have agreed to extend the partnership, originally set up in 1984, for 21 years.

The agreement comes more than a year before the expiry of a trial-five year period, due to end in July 1989. It means that the partnership, which has created a powerful international network between three previously separate banks, has in effect become permanent.

The deal also contains an option allowing the other partners to purchase the 50 per cent stake in the partnership owned by S. Pearson and Son, the diversified UK group which owns the Financial Times, if there is a change of control at Pearson.

Mr Michel David-Weill, the senior partner of the New York firm and the major partner in Paris, said yesterday that the extension of the agreement would allow the Lazard Houses to build on their achievement since 1984.

"Our long-term relationship with Pearson and its presence in the Lazard Partnership is ideal, as it provides the flexible atmosphere in which talented people can flourish," he said.

If the control of Pearson changed, the group would be guaranteed the full market value for the sale of its stake in the partnership.

A formula has been agreed for the price Pearson would be paid if it did have to give up its 50 per cent in Lazard Partners.

It would receive either the fair market value of its stake in the *partnership or 80 per cent of an* agreed valuation of Lazard Brothers, together with an additional premium of 12.5 per cent.

In return for the change of ownership provisions, Pearson's share of the distributable income of Lazard Partners is to be increased from 50 to 53.6 per cent for a seven-year period.

This would have brought Pearson more than £1m ($1.8m) a year over the last three years, in addition to its other earnings from the partnership.

Pearson will also be paid a slightly higher amount by Lazard Brothers in London and Lazard Frères in New York than it receives under the existing agreement.

The agreement also protects the sale of the 9.2 per cent of Pearson shares belonging to Financière et Industrielle Gaz et Eaux SA, a French investment company linked with Eurafrance SA, the French partners in Lazard Partners.

The French company has undertaken that if it ever sells its stake in Pearson, the shares will be placed widely in the market and not sold to a single buyer.

"By selecting a 21-year period, the partners have shown thet this is intended to be a permanent relationship," Lord Blakenham, Pearson's chairman, said yesterday.

He said that Pearson's profits have been about £8m larger over the last four years than they would have been if the partnership had not been set up in 1984.

Sir John Knott, the Chairman of Lazard Brothers, said that the partnership had been an "excellent change" for the company.

Sarney's pay freeze prompts grudging admiration

By Ivo Dawnay in Sao Paulo

BRAZILIAN President Jose Sarney's courageous, if long-delayed, decision last week to freeze public sector salaries has provoked a predictable chorus of criticism from the country's entire political spectrum.

The right, most volubly represented in cabinet by Mr Sarney's *friend and ally, Mr Antonio Carlos Magalhaes*, wants more civil service job cuts, including the dismissal of the more than 200,000 functionaries who are perennial absentees.

On the left, politicians and union leaders claim that once again the humble worker is being punished, while big business and agriculture continue to gorge on tax incentives and production subsidies.

Both sides have valid points.

Nevertheless, even Mr Luiz Carlos Bresser Pereira, former Finance Minister and hardly a friend of the President, has expressed admiration for Mr Sarney's bravery in tackling the pay problem.

That it had to be tackled few independent economists doubt. Finance Minister Mr Mailson da Nobrega emphasised that the federal salary bill alone would have absorbed all government revenues – already shrinking because of the deep recession – had nothing been done.

Furthermore, according to Finance Ministry estimates, civil servants received real pay rises of more than 50 per cent last year – far above those of the private sector.

But, if Mr Sarney is to be congratulated for accepting his Finance Minister's advice (admittedly after more than three weeks of hesitation) his laurels will wilt unless further steps are taken quickly.

Mr Magalhaes's argument for the dismissal of those holding civil service posts but not performing them seems unanswerable in the dire economic circumstances. Such practices – the fruit of the political spoils and favours system – may have been acceptable in the years of 7 per cent growth but they are hard to justify now.

Similarly, left-wingers can count on widespread backing, even from the business community, for their attack on subsidies and incentives. These alone are estimated to cost between 1 and 2 per cent of Brazil's $280bn gross domestic product.

The public sector salaries freeze – a saving worth about 1.5 per cent of GDP – amounts *only* to a *sticking plaster over* the haemorrhaging wound of the budget. Despite earlier measures, such as a ban on recruitment and ministerial budget increases, Mr da Nobrega has indicated that a further saving of at least 1 percentage point of GDP must be found.

In the short term, meanwhile, Mr Sarney must batten down the hatches for the storm brewing over the two months' *pay freeze. A nationwide strike* is planned this week by civil service unions which may be joined by private sector workers.

They are frightened that Mr da Nobrega's plan to abandon wage-indexation in favour of free collective bargaining will not be accompanied by a concomitant liberalisation of the labour laws to allow strikes unencumbered by lengthy arbitration processes.

Mr Sarney's aim to create a "president's party," inspired by recent victories in key votes in the Constitutional Assembly, also looks improbable. While many on the centre-right quietly support him, few are likely to put their head above the parapet when, as looks inevitable, he must continue to force through deeply unpopular measures.

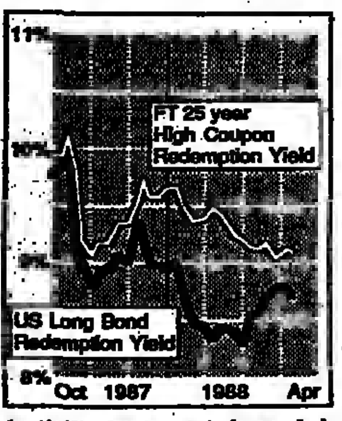
The majority Democratic Movement Party is refusing to endorse the pay freeze, with its left-wing threatening to form a new opposition party.

Given the dissension, both in and out of Congress, the President's confident belief that he has a comfortable majority for a five-year term of office could yet be shaken in the dangerous weeks to come.

THE LEX COLUMN

The buck stops on Wall Street

On the face of it, London's behaviour in the past few days represents a material shift in sentiment. Yesterday's 30-point rise in the FT-SE – the largest for three months – means the market has risen 4 per cent in four trading days. This is evidently a response to last week's base rate cut and the strength of the dollar ahead of Thursday's G7 meeting; and indeed, the dollar's recovery takes immediate pressure off overseas earners, while a mortgage cut coinciding with lower tax rates at the end of the month can only boost consumer spending.



But these are perhaps arguments for strength in sectors, and in its mood of even a week ago the market might have taken the prospect of a further consumer boom as positively bad news. The difference, surely, has more to do with Wall Street and Tokyo than with domestic fundamentals; after a very strong start yesterday morning, London want through a decidedly tricky patch when it seemed as if Wall Street might open lower.

Reasons for being cheerful about Wall Street, in turn, are a touch ambiguous. The first quarter results season seems to be pushing the prospect of a US recession further into the future, and higher profit forecasts might provide the necessary impetus for an equity market which is otherwise starting to look fully priced in relation to bonds. On the other hand, Wall Street, like the foreign exchange markets, is plainly looking ahead to G7. Should this turn out wholly anodyne, and if Thursday's US trade figures also disappoint, this week's optimism could evaporate.

As for London, it may take real institutional cash instead of yesterday's thin volume for the mood to continue. But then, what with Barclays' rights and calls for British Gas and BAA, over £3bn is already spoken for. It might not do to get carried away.

BAT/Farmers

Farmers may not be quite ready yet to *talk turkey* with BAT over price, but it costs nothing to show willing. Indeed, with the Farmers share price standing at a 50 per cent premium to the pre-bid price, showing willing is probably essential to persuade litigious shareholders that Farmers is keeping their best interests in view.

Now it is up to BAT to decide whether it can live with the restrictions built into the confidentiality agreement demanded by Farmers as a prerequisite to talks. It may well be that it cannot, and the stalling will go on; but Farmers can no longer stonewall purely on principle. The market read yesterday's letter to BAT as an admission that Farmers has its price, and the consensus is that that price could well turn out to be around $70 a share, 11 per cent above the $63 now on the table. That may not look reasonable in light of a Farmers share price of only $64¼ yesterday at midday, but granted a risk and impatience discount for the months of regulatory delays yet to come, $70 begins to look more sensible. BAT, too, should view it as such: a bid at the higher level should involve only minimal dilution of earnings in the short term, in exchange for higher quality earnings from services in the first world to balance the uncertainties of BAT's exposure in developing countries.

Opec

The oil market may be right to to view Opec's capricious decision to hold an emergency meeting this month as worth an extra dollar on the oil price; but it may be wrong to reason that a cut in output is on the way. The very prospect of a meeting has done wonders for the market's confidence, and by distracting traders' attention it may be enough to support prices until demand *picks up in a couple of months'* time.

Opec is already through the worst of the spring lull in demand, and so long as it continues to produce no more than the present 17.5m barrels a day, demand and supply should be roughly in balance by the late summer. In the interim, the market must contend with about four days of surplus oil stocks as well as an unhelpful body of bearish opinion, which rallying noises from Opec might prove enough to dispel.

However, if Opec intends this month's sessions mainly as a public relations exercise, it must bear the risk that disappointing a market that is expecting firm action might do more harm than good. On the other hand, if it really does plan to negotiate a reduction, its task will not be easy. Saudi Arabia apparently remains unprepared to take the lead – despite having backed down and agreed to the emergency meeting – while Opec and non-Opec members alike are happier to talk about cuts than to deliver them.

Meanwhile yesterday's rise in the price of the oil majors - the main stock market proxy for oil prices now that the independents have gone bid crazy – showed that investors are willing to believe the best of Opec. Perhaps that is not surprising: now that they have sold their BP shares to Kuwait, UK institutions are underweight in the sector and are happy for an excuse to buy.

Merrill Lynch

The message from Merrill Lynch's first quarter figures is that talk of a further shakeout amongst Wall Street's major brokerage firms, because of a shortage of business, may be premature. Merrill's net income fell by 37 per cent to $68.3m, but this is a sharp recovery from the token $3.5m earned in the prior quarter, which included the Great Crash, and the quarterly dividend is 2¼ times covered. Admittedly, a $67m rise in revenues from principal transactions – trading for Merrill's own account – went some way towards offsetting the one third drop in brokerage commissions, the group's traditional business.

However, Merrill's net interest earnings continue to run at over $100m a quarter and the firm has been trimming its $1.5bn a quarter operating overhead. Staff compensation and benefits, which account for half Merrill's overhead, have been cut by $121m, or 14 per cent, and there is clearly more fat to shed in this area which should help bolster profits in the short-term. Meanwhile, trading volumes on the New York Stock Exchange are now back above year ago levels and the NYSE is upgrading its systems to handle a peak of 1bn a shares a day by end-1989, compared with last year's average of 190m a day.

Hijackers kill second hostage

Continued from Page 1

followed by long periods of silence in the afternoon after the murder of the second hostage.

The hijackers, after setting a deadline of 14.30 Cyprus time for the refuelling of the aircraft so that it could be flown to a neutral destination, dumped the corpse from the aircraft at around 15.10.

Among "neutral" destinations being mentioned for the hijacked aircraft are Iran, Algeria and South Yemen. It is likely that Iran will be reluctant to accept the Kuwaiti airliner because it would then be open to charges that it was behind the hijacking.

On Saturday, the hijackers followed a similar procedure when they killed their first hostage after demands for fuel were not met. Both victims are reportedly Kuwaiti military officers. There are said to be three on board.

Kuwait has repeatedly rejected the hijackers' call for the release of the 17 militants, describing *such demands* as *"blackmail."*

Late yesterday afternoon, a passenger who was identified as Fadhil Mazouk el Otelbi was allowed to speak to the control tower. He said the hijackers will "kill the passengers if you don't give us fuel: please give us fuel."

The hijackers' spokesman accused Cyprus, after the latest corpse was dumped on the tarmac at Larnaca, of colluding with "criminal countries" against freedom-loving people.

"We hereby confirm that the craft must be refuelled immediately, immediately, before we take more dangerous steps," the spokesman said.

Earlier in the day, the hijackers had threatened to kill a member of Kuwait's ruling al-Sabah family who is among three al Sabahs on board: one brother and *two sisters*.

Kuwaiti officials are at Larnaca Airport advising the Cypriots, and a PLO representative has been acting as an intermediary with the hijackers.

Kuwaiti officials are making it clear that they are opposed to the aircraft taking off again for an unspecified destination.

Their strategy is to keep the plane at Larnaca in the hope that a process of negotiation, and possibly exhaustion, will bring the crisis to an end.

The Kuwaiti airline hostage drama entered its seventh day yesterday. The aircraft was hijacked on a flight from Bangkok to Kuwait and diverted to Mashhad in North East Iran where it remained until Friday.

World Weather

		°C	°F			°C	°F			°C	°F			°C	°F
Ajaccio	S	18	64	Dubrovnik	S	18	64	Malta	S	23	73	Rhodes	S	21	70
Algiers	C	21	70	Edinburgh	C	9	48	Manchester	C	10	50	Rio de J'o	F	28	82
Amsterdam	C	11	52	Faro	F	19	66	Manila	C	33	91	Rome	S	20	68
Athens	S	22	72	Florence	S	20	68	Melbourne	S	22	72	Salzburg	S	13	55
Bahrain	S	27	81	Frankfurt	S	7	45	Mexico City	F	23	73	San Francisco	F	16	61
Bangkok	-	-	-	Funchal	F	19	66	Miami	F	17	63	Seoul	F	17	63
Barcelona	S	17	63	Geneva	S	13	55	Milan	F	14	57	Singapore	F	32	90
Beirut	-	-	-	Gibraltar	F	18	64	Montreal	C	5	41	Stockholm	C	00	32
Belfast	S	2	36	Glasgow	C	10	50	Moscow	C	6	43	Strasbourg	S	15	59
Belgrade	S	11	52	Guernsey	S	11	52	Munich	S	11	52	Sydney	C	18	64
Berlin	C	11	52	Helsinki	C	2	36	Nairobi	F	25	77	Taipei	F	26	79
Biarritz	S	20	68	H. Kong	C	19	66	Naples	S	22	72	Tangier	S	19	66
Bombay	F	41	88	Innsbruck	S	14	57	Nassau	C	26	80	Tel Aviv	F	28	82
Bordeaux	C	16	61	Inverness	C	7	45	New Delhi	F	39	102	Tenerife	S	20	68
Brussels	F	13	55	Islamabad	F	33	91	New York	F	8	46	Tokyo	S	17	63
Budapest	F	12	54	Istanbul	C	9	48	Nice	S	17	63	Toronto	S	3	37
B. Aires	-	-	-	Jakarta	F	34	93	Nicosia	F	28	82	Tunis	S	25	77
Cairo	S	35	95	Jersey	S	13	55	Oporto	R	10	50	Valencia	F	18	64
Cape Town	S	24	75	Jo'burg	S	22	72	Oslo	F	5	41	Venice	S	15	59
Caracas	-	-	-	Lima	F	24	75	Paris	S	14	57	Vienna	S	13	55
Casablanca	S	19	66	Lisbon	R	15	59	Peking	S	20	68	Warsaw	C	11	52
Chicago	F	4	39	London	S	14	57	Prague	S	12	54	Washington	C	7	45
Cologne	F	13	56	Los Angeles	F	15	59	Reykjavik	S	-6	21	Zurich	S	12	54
Copenhagen	Fl	8	46	Luxembourg	S	12	54								
Corfu	S	22	72	Madrid	C	16	59								
Dallas	-	-	-	Majorca	F	19	66								
Dublin	F	12	54	Malaga	C	18	64								

Readings at mid-day yesterday
C-Cloudy D-Drizzle F-Fair Fg-Fog H-Hail R-Rain S-Sun Sl-Sleet Sn-Snow T-Thunder

Sterling drops sharply but $ strengthens

Continued from Page 1

FT ordinary index closed up 20.4 at 1,433.8.

The pound lost a pfennig against the D-Mark in London to close at DM3.1275. Against the dollar it lost more than two cents, falling to $1.8540 compared with Friday's close of $1.872. The Bank of England's sterling trade weighted index closed at 77.8 compared with 78.3 at Friday's close.

Sterling's decline in Europe was largely attributed to the fall in interest rates which reduced the differential between rates in other countries. Hopes of a steep and sustained rise in oil prices also eased, contributing further downward pressure to the pound.

The dollar firmed in a quiet market as dealers awaited the outcome of the Group of Seven meeting of finance ministers and the publication of US trade figures on Thursday.

The dollar strengthened further in New York yesterday, closing at DM1.6825, below its best for the day, but above Friday's close of DM1.675. It ended at Y126.30 against the previous close of Y125.75.

● Mr James Baker, the US Treasury Secretary, added his voice to efforts by leading industrial nations to promote calm on financial markets during this week's international meetings, *adds Philip Stephens* in Washington. Mr Baker said that all Western governments shared the objective of exchange rate stability and were pleased with the calm on the markets seen since the Group of Seven's statement in December.

FINANCIAL TIMES
Tuesday April 12 1988

Merrill Lynch earnings drop by 37% to $68m

BY JANET BUSH IN NEW YORK

MERRILL LYNCH, the largest US investment bank, yesterday reported a 37 per cent drop in first-quarter net earnings to $68.3m or 62 cents a share compared with $108.6m or $1 a share a year earlier.

Total revenues fell by 5 per cent to $2.4bn, from $2.5bn in the first quarter of 1987. Revenues from commission business were down by 33 per cent to $440m, from the record first-quarter last year, while revenues from investment banking fell 12 per cent to $226m, due primarily to a lower level of equity underwritings and the absence of any significant merger and acquisition transactions.

In contrast, principal transaction revenue reached a record $407m in the first three months of 1987, a rise of 20 per cent from a year earlier, primarily from improved trading in the fixed-income sector.

The stock market seemed to react favourably to the figures, pushing the company's share price up by $1¼ to $24⅝, in contrast to the shares of other securities firms, which were generally weaker. Merrill Lynch is the first big investment banking company to have reported first-quarter results.

Mr William Schreyer, chairman and chief executive officer, said: "Given the relatively lower level of activity in the financial markets during the quarter, these results demonstrate the broad-based strength and diversity of our core business operations." He added that the company was beginning to see the benefits of cost-cutting programmes initiated in the last three months of 1987.

Expenses, excluding interest and dividends, fell 7 per cent to $1.5bn in the first quarter, compared with a year earlier, while costs related to pay and benefits declined by 14 per cent because of reduced business volume and staff reductions.

Pre-tax earnings for the first three months of 1988 were $117.7m, compared with $186.8m a year earlier. The effective income tax rate was 42 per cent for both quarters.

Lex, Page 38

Primerica disposals to raise over $550m

By James Buchan in New York

PRIMERICA, the former American Can transformed by Mr Jerry Tsai into a financial services conglomerate, announced yesterday that it was raising over $550m through the disposal of its chain of record stores and a group of life insurance subsidiaries.

The group, which has seen its stock price halve from its peak last year because of investor disenchantment with the financial services industry, said that it would book a $130m after-tax gain on the sale of the Musicland record and video store chain, which amounts to $2.50 a share.

But Primerica will book a small loss of 95 cents a share on the sale of the three life companies, Pennsylvania Life, Executive Fund Life, and Trans Pacific Life.

Yesterday's announcement should bring to $700m the total proceeds raised in just four months by Mr Tsai, a celebrated mutual fund manager of the 1960s who took over as chief executive of American Can in 1986.

Primerica said yesterday that the money would be used to pay off debt, which climbed to $1.8bn with last year's audacious $750m purchase of the Smith Barney brokerage house.

But there is some speculation that Mr Tsai may be rethinking his expansion plans in the changed climate since the stock market crash last October.

Musicland, which enjoyed revenues of $510.5m last year from its 616 stores, is being sold to a group of investors, including management and the Wall Street firm of Donaldson Lufkin Jenrette for $410m. Primerica will receive $330m for its 81 per cent share and will purchase up to 20 per cent of the stock in the new company.

Manufacturers Hanover sells division for $705m

BY ANATOLE KALETSKY IN NEW YORK

MANUFACTURERS HANOVER, the large US banking group, said yesterday that $275m in equity would be added to its tightly stretched balance sheet as a consequence of selling its consumer finance division for $705m to American General, the Houston-based large insurance and financial services company.

The sale of the consumer finance business will generate a pre-tax gain of $300m and reduce the bank's total assets by nearly $3bn. Since there will be little tax to pay on this one-off capital profit - because of benefits remaining from last year's big additions to Third World loss reserves - the net effect would be to boost equity by $275m, the bank said.

As part of the transaction American General will also repay about $2.5bn of the consumer finance unit's inter-company debt.

Between them the capital gain and the reduction in assets will go a long way to boosting Manufacturers Hanover's equity ratios towards the target levels set by management last year. In its 1987 annual report, the bank said that it planned to boost shareholders' equity to 4 per cent of total assets by the end of 1988, and that capital strengthening would ba achieved through a combination of stronger operating earnings, tax benefits and sales of undervalued assets.

The company predicted that it would secure $400m in pre-tax gains from assets sales during the year. The sale of the consumer finance unit has therefore brought it three-quarters of the way towards this target.

American General said the purchase of the consumer finance business would not dilute its consolidated earnings and would double the size of its consumer finance network.

● Irving Bank announced a near-doubling in its first-quarter net profits, as a result of higher interest and fee-related income. The bank made $52.4m or $2.71 a share compared with $28.6m or $1.51 in the first-quarter of 1986. The higher earnings enabled Irving to recognise $12.3m in tax benefits from its 1987 Third World loan loss provisions.

● First Wachovia, a large regional bank holding company based in North Carolina, made first-quarter net profits of $58.8m or $1.08 a share against $49.3m or 91 cents in 1986. It said that during the first-quarter it had used a combination of loan sales and charge-offs to entirely eliminate its exposure to Third World countries, which had stood at $98.4m at the end of 1987.

Grolier to accept new $449m bid by Hachette

By Our New York Staff

GROLIER, the US encyclopaedia publisher which had been fighting off a $400m merger bid from Hachette of France, was last night on the brink of accepting a sweetened offer.

Grolier's board was meeting last night to consider its management's recommendation to sell the company, after Hachette raised its price to $24.25 a share. This would amount to $449m for the 95 per cent of Grolier's stock which the French publisher did not already own.

The improved offer, which compared with Hachette's opening bid of $21 a share, was widely expected to prove acceptable to the board.

Arbitrageurs, who had hoped for an even more expensive deal, were heavy sellers of the Connecticut-based company's stock yesterday.

Grolier's shares fell $2⅝ to $23⅞ on Wall Street in brisk morning trading. The deal, if approved, is likely to be seen as a substantial coup for Hachette.

Not only will it give Hachette a big presence in US book publishing for the first time, but it will raise the French company to the number three position in the international publishing league, immediately behind Bertelsmann of Germany and Simon & Schuster, a subsidiary of Gulf & Western.

In addition, Hachette's apparent success in persuading Grolier to accept $24.25 comes in the face of arbitrageurs' expectations of a substantially higher bid.

Hachette will also be recovering a significant portion of what it pays for Grolier by selling unwanted divisions. Disney Corporation last week said that it would buy Grolier's Childcraft educational toys business for $52m, if Hachette's takeover succeeded.

Juki in $90m counterbid for Union Special

By Deborah Hargreaves in Chicago

UNION SPECIAL, the Chicago-based industrial sewing-machine maker, said yesterday it was considering an offer from Juki of Japan to buy the company for $31 a share in cash.

The bid, worth almost $90m, follows a tender offer of $26 a share launched in late March by Industrial Equity (Pacific), the Hong Kong arm of Sir Ron Brierley's New Zealand-based investment group.

Juki, a Japanese sewing-machine maker, said it would complete the acquisition on terms and conditions already agreed between Union Special and IEP, if that agreement was terminated. IEP owns 27 per cent of Union Special.

Union Special said its board was meeting urgently to reach a decision on the bid before the IEP offer expires on Friday.

FMC Gold set to blaze a trail for acquisitions

BY KENNETH GOODING IN LONDON

FMC GOLD, already North America's fourth largest gold producer, is on the acquisition trail, Mr Brian Kennedy, the company's president, said in London yesterday.

"We believe there are opportunities for FMC Gold to acquire mineral deposits that have been discovered by companies which may lack the technical, financial or geological strengths to bring a property into production," he said.

It was unlikely, however, that it would purchase an entire company "because of the market multiples associated with such an acquisition."

Mr Kennedy explained that the company had the financial strength to contemplate an aggressive acquisition programme: it was generating an annual $60m positive cash flow and by June would have paid off its debt. Gold loans offered another way to raise cash.

However, it was unlikely that any more equity would be issued in the near future. FMC Corporation, the parent group, sold 11.4 per cent of FMC Gold last June when the subsidiary gained a NYSE quotation.

The parent said it would eventually sell up to 20 per cent but Mr Kennedy said that FMC would probably not issue new shares at the current price – between $10 and $11 a share – when the flotation price was $14 and the price had been up to $18 a share.

Mr Kennedy is this week leading a delegation to visit investor groups in Europe.

The company's first-quarter results, released yesterday, showed net income at $13.1m or 20 cents a share compared with $32.4m and 15 cents in the same months last year.

Microsoft files suit against Apple Computer

By Louise Kehoe in San Francisco

MICROSOFT, the US personal computer software company, has responded to Apple Computer's recent copyright infringement suit with some legal fire of its own.

It has filed suit charging Apple with breach of contract, slander, unfair business practices, and interfering with Microsoft's relationships with its customers and business partners.

The suit, which seeks unspecified damages, including punitive damages and legal costs, is a response to Apple's legal action that accuses both Microsoft and Hewlett-Packard of copying elements of Apple's Macintosh display technology in programs designed to run on IBM-compatible personal computers.

WPP loses part of IBM account to breakaways

BY OUR NEW YORK STAFF

INTERNATIONAL Business Machines, the computer group which provides up to half the advertising billings of the Lord Geller Federico Einstein agency, has started doing business with a breakaway agency set up by six former executives of Lord Geller.

The shift, confirmed by Mr Dick Lord of the breakaway group yesterday, is a setback for Mr Martin Sorrell's WPP of the UK.

WPP bought Lord Geller last year and has been fighting in the courts to prevent a loss of clients and key employees to those who left.

It also confirms that Lord Einstein O'Neill, as the new agency is called, is in business after the New York State Supreme Court last week allowed it to go after old clients of Lord Geller, provided neither Mr Lord nor Mr Arthur Einstein were involved.

But IBM has apparently made no commitments to Lord Einstein and will retain Lord Geller for most of its advertising needs, which generate some $125m in billings.

Mr Lord, who quit the agency he founded last month after a dispute with Mr Sorrell, said that IBM allocated his group some advertising work at a meeting on Friday afternoon.

Mr Lord, who was not at the meeting because of the court order, said: "Some assignments were made."

Mr Sorrell, who attended what is believed to have been a tense but businesslike meeting on Friday, said he would not comment yesterday.

IBM did not comment.

Dow acquires stake in Montedison

BY ALAN FRIEDMAN IN MILAN

DOW CHEMICAL of the US revealed yesterday that it has acquired "more than 2 per cent" of Montedison, the Italian chemicals group. The shares are believed to have been bought on the Italian stock market.

The unexpected equity purchase, which Dow yesterday described as "an excellent opportunity for our investment portfolio," caused the Montedison share price to jump by 6.8 per cent to L1,660 in after-hours trading yesterday on the Milan bourse. At this level, a 2 per cent stake in Montedison would have a value of L69.7bn ($56m).

Montedison is 42 per cent owned by Ferruzzi, the agri-industrial concern which is chaired by Mr Raul Gardini.

Mr Alexander Giacco, Montedison's newly appointed American chief executive, said the Dow purchase was not linked to any particular joint ventures.

"All I know is that they have bought shares in Montedison for investment purposes," Mr Giacco said.

Last October, Dow signed a joint venture accord in resins with Enichem, the Italian state chemicals group which is currently in talks with Montedison about joint ventures which could lead to an important restructuring of the Italian chemicals sector.

The US company made specific reference to these talks yesterday, saying it believed that the restructuring "will result in a more focused and efficient industry."

In New York, Dow cited four other reasons for the purchase, including its view that Montedison "is a well-managed company with a strong position" and its view that "Montedison stock has an undervalued market position and during weeks has been selling below its book value."

Dow also referred to Montedison's plans to sell off non-strategic assets in order to reduce the company's hefty debt burden, saying this "realignment" could strengthen the balance sheet. Montedison's debt at the end of 1987 stood at $6.4bn.

Dow, which has been operating in Italy for 25 years and has annual Italian based sales (including exports) of $300m, also said its Montedison investment was based on what it saw as favourable prospects in the European chemical industry.

Milan analysts pointed out that the share purchase comes at a time when most local investors are shunning Montedison shares because of a controversial planned transaction which will see the transfer of Meta, Montedison's cash-rich insurance and financial services subsidiary, to the Ferruzzi group.

Although investors will be offered the right to buy shares in an unquoted Ferruzzi holding company containing Meta, this deal is seen as riding roughshod over the interests of Montedison's 100,000 small shareholders.

Texaco to sell German subsidiary

By Haig Simonian in Frankfurt

TEXACO, THE troubled US oil group, is planning to raise a substantial sum from the sale of its German subsidiary, Deutsche Texaco, as part of the restructuring operation forced on the company after its $5.5bn settlement with Pennzoil and other creditors.

Deutsche Texaco, which has about 4,000 employees, is one of the biggest oil companies in West Germany, with a market share of approximately 8 per cent for oil products in general and more than 10 per cent for petrol.

The company has a refinery at Heide in north Germany and about 2,000 filling stations. It is a participant in recent natural gas finds in northern Germany, and is also involved in offshore oil activities in the North and Baltic seas.

The parent company announced its decision to sell at a special meeting of Deutsche Texaco's supervisory board which was held on Friday evening.

However, no details have been divulged about the timing, proceeds of a potential sale, or the identity of any likely purchasers. Responsibility for the sale is being taken by the US parent company.

Unusually, shares in Deutsche Texaco are quoted on German stock exchanges as the parent company owns only 99.1 per cent of the equity capital. A rump of small investors has remained since Texaco took over the company, then named Deutsche Erdöl, in 1966.

At the current market price of DM270 a share, the minority holding is worth about DM24m.

On the same basis, Texaco's own stake would fetch almost DM2.7bn ($1.6bn).

Although the existing big players in the West German oil industry might appear obvious buyers for Deutsche Texaco, the Federal Cartel Office could be expected to stand in the way of any deal that added further to the market's concentration.

Deutsche Texaco's supervisory board said it would expect any purchaser to guarantee the company's future in the interests of its employees, creditors, and minority shareholders.

James Buchan in New York writes: Texaco has been forced to sell assets to finance a complex $5.5bn deal with its creditors which permitted the third largest US oil company to emerge from bankruptcy last week.

The company was driven into bankruptcy by the largest award of damages in history after Texaco was sued by Pennzoil of Houston in a fight for control of Getty Oil.

Texaco, which says it wants to raise $3bn from asset sales, is already in talks about the sale of stakes in its US refining operations and some oil and gas producing properties.

Sanofi buys Nina Ricci holding

BY PAUL BETTS IN PARIS

SANOFI, THE fast-growing French pharmaceuticals company 60 per cent controlled by the Elf-Aquitaine oil group, has acquired a 38 per cent stake in Nina Ricci, the famous Parisian perfume and haute couture fashion house.

The deal is the latest important link-up between a leading independent fashion and perfume company and a large industrial group in the French luxury goods industry.

Sanofi also reported yesterday a surge in consolidated net earnings last year, boosted by a substantial FFr864m ($152m) special gain from the sale of stakes it owned in subsidiaries of American Home Products.

The French group, which unsuccessfully sought control of A.H. Robins, the US drug manufacturer, in a fierce takeover battle at the beginning of this year, said profits rose to FFr1.47bn last year, compared with FFr495m the year before.

Excluding the special gains from the American Home Products share sales, Sanofi's earnings rose by 22.6 per cent last year to FFr607m. Sales, however, rose at a more modest 3.3 per cent, to FFr12.6bn last year from FFr12.2bn the year before.

The friendly acquisition of a 38 per cent stake in Nina Ricci will place Sanofi in the top league of perfume makers, among groups like Chanel, Dior and Yves St Laurent.

Sanofi declined to disclose how much it paid for its large minority stake in Nina Ricci.

Mr Robert Ricci will continue to be the majority shareholder in the group, which has annual sales of about FFr1bn. Perfumes account for between 75 and 80 per cent of Nina Ricci's turnover.

Sanofi, which is subscribing to a Nina Ricci capital increase, has been seeking to expand its perfums and beauty care businesses. The French pharmaceutical group's perfume and beauty products division reported sales of FFr888m last year, compared with FFr779m the year before.

Sanofi already markets the Van Cleef et Arpels, Fendi, Krizia, Roger et Gallet, Molyneux and Stendhal perfume and beauty care products.

Elf raises offer for Rhin-Rhône

BY GEORGE GRAHAM IN PARIS

ELF-AQUITAINE, the French state-controlled oil group, has raised its bid for Rhin-Rhône, the Alsace fuel trading and construction materials group, to FFr1,700 a share, topping the FFr1,575 a share bid of its rival, the Sofical group headed by Mr Vincent Bolloré.

The Elf bid, which it described as final, values Rhin-Rhône at FFr785m ($138.4m), 55 per cent higher than Mr Bolloré's opening bid made at the beginning of March. The oil company said it represented "the limit of a reasonable estimation of the value of the company."

The rival bidders have tried to negotiate an agreed settlement, but Elf said yesterday it had been forced to raise its bid after it had failed to reach a comprehensive agreement with Mr Bolloré.

Mr Gilbert Rutman, vice-chairman of Elf, said in an interview with the newspaper Le Monde that an agreement allowing Mr Bolloré to take control of Rhin-Rhône must settle simultaneously the division of the target company's assets.

He said a preliminary protocol signed between Elf and Sofical had, for example, envisaged the transfer of Rhin-Rhône's subsidiary Frans-Bonhomme, a distributor of plastic piping, to Elf.

Rhin-Rhône has for some years been a virtual subsidiary of Elf, which owned 39.5 per cent of its capital and was its principal supplier of fuels.

Sofical has since bought an estimated 35 per cent of the company.

Mr Bolloré's bid has been vigorously opposed by Rhin-Rhône's management and employees, who fear he plans to absorb its fuel trading and distribution activities into his own Scac subsidiary and shed the remaining operations.

St Gobain in $76m bid for US group

BY OUR PARIS STAFF

ST GOBAIN, the French pipes and packaging group privatised a year ago, has made a $76m bid for Wolverine Technologies, a Michigan-based producer of vinyl construction products and wall sheetings.

The acquisition, if successful, would be St Gobain's fourth large purchase in the last two months, besides the two operations it is conducting to buy out the minority shareholders in its US and Belgian subsidiaries, CertainTeed and Glacerie de St-Roch.

The offer of $23 a share is being made through St Gobain's subsidiary SG Acquisition Corporation, advised by Lazard Frères.

Wolverine, whose range of vinyl products matches the PVC wall facings produced by CertainTeed, made an operating profit of $8.4m last year on sales of $111m.

St Gobain's recent buying spree has been paid for, to a great extent, in paper. The company has offered its own shares to the minority shareholders in St-Roch, while the purchase of a 35 per cent stake in Oberland Glas, West Germany's second largest glass packaging company, is also being handled through a share swap.

However, the buyout of CertainTeed, where St Gobain is already assured of 97 per cent of the shares, will cost $388m, while the French group is paying £12.7m ($23.6m) for TSL, the UK silicon company, and £32m for 40 per cent of Vidrieria Argentina, Pilkington's Argentinian flat glass subsidiary.

Expansion pays off for Bank Hapoalim

By Andrew Whitley in Tel Aviv

BANK HAPOALIM, the largest Israeli bank, last year extended its lead over Bank Leumi, its nearest rival, expanding its asset base by 4.2 per cent in a year when the country's other large banks contracted in US dollar terms.

Its after-tax profits grew from US$18.8m to $102.8m, in line with the performance of the sector as a whole. The return on equity was a healthy 11.8 per cent, slightly above the average for the industry.

The labour federation-owned bank achieved the result through an aggressive expansion into the middle segment of Israeli business — small and medium-sized companies, as well as professional organisations — where it had traditionally been weakest. The current year is expected to be one of consolidation, as it digests its new customer intake.

Mr Amiram Sivan, chairman, said profits may dip slightly in 1988 as margins are squeezed and the economy as a whole slows down. Loans to the public, after increasing by an impressive 10 per cent in 1987, are unlikely to show growth this year in excess of 1 or 2 per cent.

Hapoalim made a $224m provision for doubtful loans, more than a third up on its 1987 allocation but proportionately less than that of its rivals.

In Hapoalim's case, the long and painful internal adjustments all Israeli banks had to make in the wake of the 1983 crash in the Tel Aviv stock market appears to be at end. The shrinking of its labour force over recent years has ended and there has been a slight upturn in hirings, in response to new business demands.

Carla Rapoport on the successful offshore production strategy of a small motor maker

Mabuchi makes its mark outside Japan

THE JAPANESE industrial strategy for coping with the high yen is fairly uniform: increase overseas production, boost component purchases from abroad and create more sophisticated products for the home market.

Only a handful of companies are ahead of this game and none is a well-known leader of Japanese industry. It took a certain kind of courage, or perhaps stubbornness, to pursue an offshore production strategy long before the yen began soaring against other currencies.

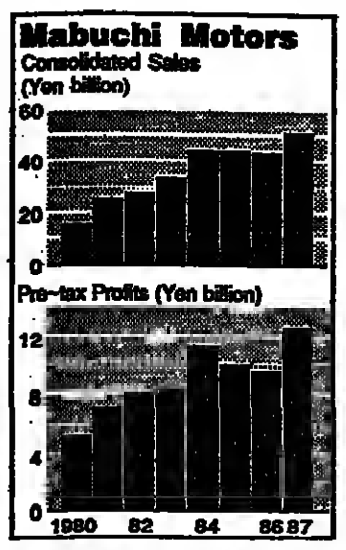
Such a company is Mabuchi Motors, a world leader in small electric motors with about half the world market. A public company, Mabuchi is still run and controlled by members of the Mabuchi family. Mr Takaichi Mabuchi, president, wastes no time in explaining his philosophy. He is committed to making his products, all of them, outside Japan. At the same time, however, he keeps the design and production process technology firmly in Japan.

Unlike its bigger brethren, Mabuchi has stuck to the lower technology end of the small motor market, concentrating on the small electric motors used in hair driers, toys, automatic cameras and video cassette recorders. Instead of making fancier products over the years, it has concentrated on standardising its parts and its production process so it could offer the lowest prices to its customers.

Such a policy may sound like old hat to American or European companies, but in Japan it was close to heresy. Traditionally, Japanese companies offer lower prices only when demand is slow. When it picks up, prices go up. Mabuchi, on the other hand, has consistently offered lower prices than its competitors, thanks to its offshore production sites. This, in turn, has helped to place Mabuchi in its premier spot in the industry, with an output of nearly 2m units a day.

"Our company's philosophy is to produce as cheap as possible at a certain quality to benefit our customers," says Mr Mabuchi. "We should manufacture things where we can get the right labour costs. For creative work, requiring a high standard of education, we should do that in Japan." The result has been a strong record of profitability. Pre-tax profits jumped by nearly a third last year to Y12.5bn ($102m), on consolidated sales of Y51.2bn.

In the mid-1960s, when Mabuchi was opening factories in Hong Kong and Taiwan, its bigger Japanese brethren were building facilities in local cities around Japan. "Local governments were inviting them to those cities. But we went overseas. Now we have the high yen and those companies have people scattered all over Japan. For them, it is almost impossible to go abroad as fast as they would like because each local community insists that they stay," says Mr Mabuchi.



"Those governments should have tried to invite other industries besides manufacturers. They should have looked for research facilities, or entertainment facilities, not just factories. This should have been understood by politicians, but it wasn't," he says.

Today, about 98 per cent of the company's output is produced outside Japan, primarily in Taiwan and Hong Kong. Mabuchi's overseas investment this year will more than double to Y9bn, from Y4bn last year, because of its newest project in Dalien, China. Labour costs in south-east Asian countries are going up so China offers the company even lower cost production bases.

In order to preserve the quality of the end product, Mabuchi continues to pour money into research at home. About 3 per cent of sales are devoted to R&D in Japan. Mabuchi already has 1,000 employees working on new motors and new machine tools for motor manufacture in Japan. About 60 per cent on machine tools and 40 per cent on new motors.

According to a report on the company by Barclays de Zoete Wedd, Mabuchi now accounts for 82 per cent of the motors used in automobile door mirrors, 70 per cent of hair driers, 71 per cent of mobile toys, and 60 per cent of CD players.

"By limiting the number of micro motor models produced and by standardising basic subcomponents for most models, Mabuchi enjoys great economics of scale relative to (the competition). Mabuchi cost competitiveness effectively eliminates its rivals," the report says.

Ms Sanae Rawle of BZW predicts that the small motor market will be enjoying a 10 per cent compound growth rate over the next five years, largely thanks to the increasing number of consumer appliances using motors. Mr Mabuchi calls it the increase in the "lazy life."

"People want to press a button to move the seat in the car or draw the curtains at home. They want to make a phone call and start a hot bath. You need motors to do this. We can supply the motors cheaply so the usage will be more and more. If we want the convenient lazy life, motors are necessary," says Mr Mabuchi.

The success of his company has made him a rich man and he does not plan to pass his wealth on to his children. At the moment, he is considering a variety of schemes for spending the money to benefit people outside Japan as well as within. "The money I have was earned in overseas countries as well as Japan," he says.

"But it is more difficult to spend money than to make a profit. Western people know how to do this better than Japanese. I'm thinking of something international. I want to give something back to the world," he says. As a result, it appears that Mabuchi may soon be breaking another mould within Japanese industry. The pioneer in internationalisation may soon become a pioneer in corporate philanthropy.

Qantas may still merge with Air NZ

BY DAI HAYWARD IN WELLINGTON

A MERGER between Qantas of Australia and Air New Zealand, the two national flag carriers, is still seen in Wellington as a strong possibility despite the abandonment at the weekend of discussions between the governments of a possible three-way merger including Australian Airlines, that country's state-owned domestic carrier.

The New Zealand cabinet yesterday considered a report from Mr Richard Prebble, State Enterprises Minister, outlining complications of a three-way merger which he described as insurmountable.

It is understood that both governments were also particularly aware of the political sensitivity of such a proposal. However, both Air New Zealand and Qantas face increased competition from large US airlines and both governments will continue to consider the possible merger.

This would result in the world's sixth biggest airline with combined assets of well over NZ$2bn (US$1.3bn).

Mr Prebble is particularly supportive of a merger move. However, a leaked media report in Australia which suggested New Zealand would own only 10 per cent of the new airline aroused considerable protest and criticism within New Zealand.

Mr David Lange, the Prime Minister, said this was "just not acceptable" to New Zealand.

If Qantas and Air NZ reach an agreement on merging, the ownership would be much closer to a 50-50 partnership. The Wellington Government would then be likely to sell off to the public part of its own shareholding.

Both airlines need large capital investment in new aircraft and a merger would help rationalise existing operations and raise the necessary finance.

Air NZ has been consistently more profitable than Qantas over the past few years.

If the merger does not go ahead the New Zealand Government is likely to seek an investment in Air NZ from what it regards as a friendly airline. British Airways, which has acknowledged an interest in buying into Air NZ, could then again become a contender for part ownership.

AP-DJ adds from Canberra: Mr Gareth Evans, the Australian Transport Minister, has suggested a partial share flotation by Qantas and Australian Airlines. He left the door open for exploring a closer relationship between Qantas and Air NZ.

He indicated, however, that a full combination was not likely in the short term.

Qantas plans to spend A$5.4bn (US$4bn) on aircraft by 1992. Most of this would come from borrowings and retained earnings, he said, but the airline needed to cut an already high proportion of borrowings to equity capital and therefore required a A$600m capital injection by the Government unless shares were sold to investors.

Australian Airlines would spend A$1.4bn in the same period, with A$240m needed as new capital.

Share issue in Hong Kong for Thai group

By David Dodwell in Hong Kong

C.P. POKPHAND, a Thai-controlled agri-industrial group, yesterday announced details of plans to list on the Hong Kong Stock Exchange through a HK$109.5m (US$14m) share issue. The flotation will be the first by any Thai group in Hong Kong.

The company is controlled by the Charoen Pokphand group which claims to be one of Asia's largest agricultural products enterprises, with turnover last year of US$1.2bn.

C.P. Pokphand will encompass trading operations and property interests as well as two of the parent's 11 ventures in mainland China.

The new shares will amount to about 25 per cent of the company's capital. The issue, priced at HK$1 per share, is being managed and underwritten by Standard Chartered Asia.

To every share will be attached one free warrant. The warrants will be exercisable over an unspecified period at a subscription price of HK$1.50, meaning that the group could ultimately raise up to HK$250m.

Much of the cash realised is to be used to reduce debt, and to fund growth in China, the group said yesterday.

Mr Sumet Syahdiman, president, forecast net profits of HK$70m this year and promised total dividends of at least 6.5 cents, giving a yield of 6.5 per cent.

Spalvins in second leg of group 'clean-up'

BY BRUCE JACQUES IN SYDNEY

MR JOHN SPALVINS yesterday announced a second takeover bid to tidy up his complex corporate empire which is headed by Adelaide Steamship (Adsteam).

National Consolidated, one of the group's manufacturing companies, is offering A$9 a share for its David Jones affiliate which ranks among Australia's leading department store retailers.

The offer values David Jones at more than A$970m (US$719.5m) — but Adsteam itself, David Jones' biggest shareholder with 45 per cent, has announced it will not accept the bid.

To further complicate the issue, National Consolidated proposes to fund the bid partly through a one-for-two rights issue at A$2.40 each, raising about A$119m. That company's major shareholder, Tooth & Co, the brewer, with 49.9 per cent, would presumably supply the bulk of the funds. Tooth is, in turn, 40.5 per cent owned by Adsteam.

The offer is similar in structure to the first leg of the "clean-up" announced by Mr Spalvins in March, when Petersville Sleigh bid A$9 a share for Tooth, valuing it at about A$670m.

In that offer, David Jones will not accept for its 44 per cent of Tooth while Adsteam will accept only for a maximum of half its 40 per cent. Petersville is also funding its bid with a A$100m share issue. And, as Tooth is Petersville's major shareholder with 49 per cent, it will be supplying nearly half the funds.

This suggests that one effect of the complex manoeuvres will be to take cash out of Tooth, through its subscription to the two share issues, and inject it elsewhere in the group. But the moves also invite the conclusion that the main strategy is to remove outside shareholdings from group companies.

This minority-based structure served some useful funding purposes while Mr Spalvins was building his empire in the late 1970s, but in the environment which has followed the stock market collapse last October it has lost most of its rationale and has given the group a poor market profile.

The A$9 bid by National Consolidated compares with a recent market price for David Jones of around A$7.80, but the shares added 80 cents on light turnover yesterday ahead of the announcement. The company's 1988 share price range is A$5.20 to A$8.20.

Haig Simonian on a German bank's push into life assurance

Deutsche squares up to Allianz

"UNDRAMATISING" the situation was the plea of Mr Alfred Herrhausen, Deutsche Bank's co-speaker (joint chief executive). But if West Germany's largest bank launches its long-awaited push into life assurance – as seems almost certain now – it could trigger a new and potentially unfriendly era of competition in German finance.

Mr Herrhausen confirmed last month that the bank had not yet decided to go ahead. Nor would an outcome be likely before July, he said. But his remarks implied strongly that it would take the plunge.

The move will be a bombshell in the cosy and cartelised world of German insurance, which is dominated by two names, Allianz, Europe's biggest insurer, and Münchener Rückversicherung (Munich Re), the world's biggest re-insurance group.

Each owns e 25 per stake in the other, as well as holdings in many other insurers. Together the two companies also control Allianz Leben, the country's biggest life group, while both have holdings in Victoria Leben, another leading life insurer. Similar cross-holdings typify relationships throughout the industry.

Even a much smaller step in late 1983, when Deutsche Bank introduced a savings plan linked to a life policy, drew an angry response from Mr Wolfgang Schieren, Allianz's chief executive, with allusions to unwritten rules being broken.

The prospect of open competition between two of the country's financial giants means the temperature is rising again. Matters have gained extra piquancy, given the close business relations between the two. Mr Schieren is even vice-chairman of Deutsche Bank's advisory board, while Mr Herrhausen sits on the supervisory board of Allianz Leben.

For all its protestations that no decision has yet been taken, the bank has given some strong signals in the past year which make a move into life assurance look almost inevitable.

Housing finance and mortgages hold the key. Deutsche Bank is the country's biggest mortgage lender through subsidiaries like the Frankfurter Hypothekenbank. It is also the biggest provider of credit for building finance in general, with some DM60bn ($35.8bn) of business on its books.

The link between home finance and insurance is particularly close in Germany, where a mortgage can be taken out only in conjunction with life assurance. In 1986, some 36.5 per cent of all life business was mortgage related.

But the bank's decisive step came last year when it founded Deutsche Bauspar, a specialist home finance subsidiary. Bausparkassen – special savings institutions where savers regularly set aside a specific sum in return for favourable home finance and certain other advantages later – were particularly popular during Germany's reconstruction after the Second World War.

Many thought the habit was dying out. But Deutsche Bauspar has been a great success since being set up. It has exceeded its first-year target of 60,000 savings contracts by 6,750 – worth some DM1.65bn – ranking it about mid-league in the industry in new business terms. And it has been particularly popular with younger savers; under-30s account for almost half its business.

Deutsche Bauspar now plans to start marketing its products through commission agents as well as branches of its parent bank, as at present. Such home-based selling – typical of German insurance – would free it from the restrictions of counter opening hours and contractual agreements with the bank unions. More important, building a sales force will be difficult and time-consuming, but it could form the embryo for a life assurance network too.

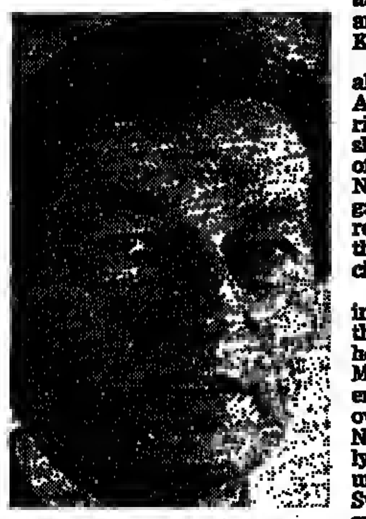
Structural reasons also argue in favour of an insurance initiative. There has been a steady drift of long-term savings from banks to the insurance sector – one motive behind the bank's attempt to staunch the flow in 1983.

Every third D-Mark of private savings now goes into life assurance, according to Mr Herrhausen. With new private assets increasing by some DM140bn a year, the bank wants to make sure it is getting its slice of the cake.

Lastly, there is the pensions argument. Private pensions are poised for growth in Germany, not least because of its demographic trends. A population which is both ageing and showing little growth is putting increasing strains on the state sector. Employer schemes are part of the answer, but private pensions could hold the key. The bank thinks it should be represented.

Not only is there strong demand for such products, but they are essential to the mix of any broad-ranging financial institution, says Mr Herrhausen. Expanding the bank into wider services than just commercial and investment banking is a Herrhausen *leitmotif*.

The need for more competition and deregulation in financial services is another. Once Mr Herrhausen becomes the bank's sole chief executive next month, he is likely to pursue such goals more vigorously.



Alfred Herrhausen of Deutsche Bank: could find himself with a fight on his hands

Thus the only factor constraining the bank is fear of the insurance industry's reaction – notably that of Allianz. The bank knows it will lose insurers' business, notably in deposits and securities, if it pushes ahead. The question is the balance of advantage.

Whether a hostile reaction from insurers is justified is another matter. Last year's ground-breaking deal giving the Aachener und Münchener (A&M), Germany's fifth biggest insurance company, control of Bank für Gemeinwirtschaft (BfG), means the concept of bank-insurance links is no longer untested.

There are a number of other such links – though less advanced. Deutsche Genossenschaftsbank, which controls the R&V group, is negotiating to buy Volksfürsorge, while Bankhaus Oppenheim owns Colonia, one of the biggest insurers. Last year, Berliner Bank and Gothaer Insurance announced a pact.

None of these, however, has the weight of Deutsche Bank. Its role – actual or perceived – in German finance means its initiative will be seen as a challenge by life assurers. Deutsche Bauspar's success shows the power of its name alone.

Buying an existing life group would obviously be the quickest solution. However, that is virtually impossible. "It's not that they don't have many choices – rather, there'e nothing available," says Mr Michael Huttner, an analyst with broker Fox-Pitt, Kelton.

Most lifs companies are already parts of other groups. Among the independents, Victoria Leben's registered voting shares severely limit the chance of a successful takeover. Thus Nürnberger Leben, a well-regarded company which is currently seeing strong growth through its fund-linked life policies, is the best bet.

Deutsche Bank already has an indirect holding in the group through its stake in Consortia, a holding company which includes Munich Re among its shareholders. Consortia says only that it owns more than 25 per cent of Nürnberger Leben, though analysts reckon the real figure is just under 50 per cent. Skandia, the Swedish insurance group, owns another 12.5 per cent block – a share the bank could try to tempt out.

But any acquisition would require a deal between the bank and Munich Re. That seems rather unlikely, given the strain it would place on relations between the latter and Allianz.

So starting from scratch appears Deutsche Bank's likeliest solution. No application has yet been lodged with the federal insurance supervisory authority to start a new venture, but there are already widespread rumours that the bank has asked Mr Peter Gessner, formerly on the board of Allianz Leben and now an academic, to run its new show. Some say Mr Gessner is preparing a conceptual plan for the venture, though neither he nor the bank will comment.

The German public will have to wait a few more months at least before it finds out which way the bank will jump. For all his pleas for calm, Mr Herrhausen could find himself with a fight on his hands. Meanwhile, for those who bemoan the power of German banks, it could make an interesting test.

Korea plans financial overhaul

By Maggie Ford in Seoul

SOUTH KOREA'S new central bank governor yesterday foreshadowed a big overhaul in the country's underdeveloped financial sector, including a greater range of market instruments and the liberalising of interest rates.

Mr Kim Kun, appointed to the Bank of Korea's top job only two weeks ago in a surprise move by the new government of President Roh Tae Woo, said monetary policy, used for years as an instrument of control, should become more indirectly managed.

Mr Kim was formerly head of the Seoul Stock Exchange. His remarks suggest that substantial change affecting banks and other financial institutions could be in store.

At a conference organised by Institutional Investor magazine, Mr Kim said that the South Korean economy was entering a new era as it had grown in size and become more complicated.

The booming economy, centrally planned during the development stage, is becoming extremely difficult for bureaucrats to manage.

Indian group raises $60m

By Stephen Fidler, Euromarkets Correspondent

SHIPPING CREDIT and Investment Company of India, established in 1986 to develop India's shipping and deep sea fishing industries, has raised $60m in its first excursion into the Eurodollar market.

The loan, guaranteed by the Indian Government and carrying interest at ¼ point over money market rates, was arranged by Swiss Bank Corporation Investment banking.

It is made up of two tranches – a $20m, 12-year loan with a 5½-year grace period lead-managed by Saitama Bank, and a $40m part lead-managed by Fuji Bank – all to be repaid after 10 years.

● A Y20bn Euroyen commercial paper programme has been arranged for Allied Irish Banks, for which Yamaichi International is arranger and sole dealer. It is the seventh Euroyen programme so far.

Equity optimism prompts two convertible deals

BY DOMINIQUE JACKSON

A HANDFUL of disparate issues launched yesterday confirmed the prevailing view that both the primary and secondary sectors of the Eurobond market are in a state of limbo.

Secondary trade in Eurodollar bonds was subdued despite a firmer tone to US Treasuries and the dollar and dealers expected little action before Wednesday's meeting of finance ministers of the Group of Seven industrialised countries.

In the absence of significant retail participation, trading over the next few days should be largely determined by technical factors. Few dealers expected the G-7 talks to produce clearly-defined plans for a dollar support operation and the attention of some had already shifted to the US trade statistics due Thursday.

Cautious optimism in world equity markets helped to trigger two convertible Eurobond issues yesterday. A $100m deal for Comcast Corporation, the US cellular communications company, was launched by Morgan Stanley. The coupon was indicated at 2¼ to 2¾ per cent and the conversion premium at 14 to 16 per cent. Final maturity is 2003 but the investor can put the bonds back to the issuer after seven years to yield 8 to 8¼ per cent.

The lead manager said the deal, similar to a zero-coupon issue launched by the company in the US in January, had excited good interest from investors in Japan. It was trading at 99¾ bid against its indicated par issue price.

The other convertible was a £70m 10-year deal for Inspectorate International Finance, part of the Swiss-based Inspectorate group. The bond, lead-managed by Credit Suisse First Boston, was raised from an initial £60m and the coupon was set at 5 per cent. The bonds, with a conversion premium of 6 to 10 per cent, were quoted at 100½ bid against their par issue price.

Hambros reopened the primary market in Australian dollar issues with a three-year deal for Toronto Dominion which was well-received and quickly increased by the lead manager to A$75m from an initial A$60m as swap opportunities appeared.

Dealers were more enthusiastic about the Australian dollar issue than about Toronto Dominion's two other recent deals, a £75m Eurosterling deal just before Easter and a C$75m deal earlier in March, both of which were deemed badly timed in two sectors groaning under the weight of new paper.

INTERNATIONAL BONDS

The Australian dollar sector has not been flooded with new paper so far this month and the issue saw good demand. However, dealers pointed out that swap rates had eased recently, making the sector highly sensitive to borrowers' names. Only better-rated issuers were said now to be able to launch a successful deal. Yesterday's bond finished the day trading at a discount of 1¾, within its total 1½ point fees.

Another welcome issue was a mortgage-backed floating-rate note for Residential Property Services Number One, effectively a fund-raising vehicle for the Bank of Ireland which is using its sterling mortgages to collateralise the issue.

The £200m note, led by Warburg Securities, matures in 2018 but has an expected average life of seven years. There is a call option after five years at par or when the outstanding mortgages drop below a level of £20m. After 10 years, the coupon rises from 35 to 50 basis points over the three-month London interbank offered rate.

Floating-rate note specialists said the deal would boostliquidity in the mortgage-backed sector which has good potential for growth. The issue was largely pre-placed and was trading at 99.55 bid.

No new Japanese warrant bonds emerged although a deal for Sekisui Chemical is expected today. The coupons on three of last week's issues were cut to 4⅛ per cent from an indicated 4¼ and dealers said conpons on forthcoming deals would fall further.

In West Germany, trading was quiet with Eurobond and government bond prices drifting marginally better on the back of US Treasuries. No new issues emerged today although two major deals are expected later in the week.

Swiss bond prices were narrowly mixed in thin trade with investor attention focussed on the equity market. The City of Vienna issued a SFr100m 4⅞ per cent bond due 1999 and priced at 101¼, led by Wirtschafts– und Privatbank. This was accompanied by a private SFr50m note placement.

Italian bond market convention signed

A TOTAL of 92 operators have signed a convention which will regulate activities on Italy's secondary market in state bonds when a planned reform is introduced next month, Reuter reports from Rome.

The ABI, the national banking association, said the reform, which is aimed at creating a more liquid and transparent market through the quotation of prices on Reuter video terminals, is due to be introduced on an experimental basis from mid-May. The experimental phase, earlier expected to commence on May 2, will last for several months.

The ABI said operators which had signed the convention, in which the Bank of Italy is also participating, include 62 banks, plus financial companies, stock market commission dealers and mutual funds.

FT GUIDE TO WORLD CURRENCIES

The table below gives the latest available rates of exchange for the pound against four key currencies on Monday April 11, 1988. In some cases the rate is nominal. Market rates are the average of buying and selling rates except where they are shown to be otherwise. In some cases market rates have been calculated from those of foreign currencies to which they are tied.

COUNTRY	£ STG	US $	D-MARK	YEN (X 100)	COUNTRY	£ STG	US $	D-MARK	YEN (X 100)	COUNTRY	£ STG	US $	D-MARK	YEN (X 100)
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Abbreviations: [illegible]

Some data supplied by Bank of America

FT INTERNATIONAL BOND SERVICE

Listed are the latest international bonds for which there is an adequate secondary market.

Closing prices on April 11

US DOLLAR STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Abbey National 7½ 92	200	96¼	97	+0¼	−0⅛	8.55
All Nippon Air 9⅞ 97	100	97¾	97¾	+0¼	+0⅞	9.78
American Brands 8⅞ 92	150	99⅝	99⅞	+0¼	+0⅛	8.96
A/S Eksportfinans 7¼ 93	100	94⅝	95⅛	+0¼	+0¼	8.79
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

YEN STRAIGHTS	Issued	Bid	Offer	Change on day	Change on week	Yield
Belgium 5⅞ 92	55	103½	103¾	−0⅛	+0⅛	4.61
Belgium 4⅞ 94	45	98¼	98⅝	0	+0¼	4.91
Canada 4⅞ 92	80	99⅞	99⅞	−0⅛	+0¼	4.50
Elec. De France 5⅞ 94	20	101⅛	101⅝	−0⅛	+0⅛	4.85
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

OTHER STRAIGHTS; FLOATING RATE NOTES; CONVERTIBLE BONDS; DEUTSCHE MARK STRAIGHTS; SWISS FRANC STRAIGHTS: [illegible]

* No information available–previous day's price

† Only one market maker supplied a price

Straight Bonds: The yield is the yield to redemption of the mid-price; the amount issued is in millions of currency units except for Yen bonds where it is in billions. Change on week=Change over price a week earlier. [illegible]

UK COMPANY NEWS

Ward White set to sell footwear and toy sides

BY DAVID WALLER

Ward White, the DIY and auto-parts retailer which today announces its 1987 results, is on the brink of selling its UK footwear businesses and Zodiac, its toy-retailing subsidiary. The joint consideration is likely to be about £45m.

Mr Philip Birch, chairman and managing director of the company which also owns the Halfords and Payless chains, confirmed yesterday that the disposals were imminent. He said it would leave Ward White free to concentrate on three core retailing businesses: DIY, and auto-parts in the UK and the US.

He expects to raise £35.5m from the sale of the footwear division – which encompasses the UK's leading manufacturer of safety shoes as well as the maker of the Tuf brand – to its present management.

A further £7.25m will come from the disposal of Zodiac to a consortium of investors led by Mr Peter Hindley, formerly of Hamleys. This consortium also intends to buy a large store in Sheffield for an extra £1.5m.

Although the sales have not been finalised, Mr Birch expressed no doubt that the transactions would be satisfactorily completed within a matter of days.

News of the disposals did not take City analysts by surprise. Ward White signalled its desire to sever its historical ties with the footwear industry in January last year when it sold Focus, its UK shoe-shop chain, for £11m. In January this year, it shed Hofheimers, its US footwear interests, for $28m (£15.6m).

Although the company expended much time and effort in acquiring Zodiac – the desire to own the company was the principal reason behind the £19m purchase of Maynards in November 1985 – the City has long been aware of Mr Birch's disaffection with toy retailing in the light of stiff competition from Toys-R-Us and other operators.

Zodiac contributed "virtually nothing" to last year's profits, according to Mr Birch, whereas the footwear businesses made approximately £4m. Combined turnover was £75m, around 10 per cent of the total.

Analysts expect the company to report pre-tax profits of £65m today, against £40.6m in 1986. The shares closed 3p up at 340p.

Barclays holders deny rights issue revolt

By Richard Waters

LARGE SHAREHOLDERS in Barclays yesterday denied any knowledge of an organised revolt against the bank's proposed £921m rights issue, but admitted that they have mixed feelings about the issue.

Mr James Crosby of Scottish Amicable, which owns 6.8m, or just under 1 per cent of Barclays' shares, said: "We have not been contacted (about a revolt), and we have a substantial enough shareholding to suggest that we would have been."

Mr James Shillingford of M&G, a smaller shareholder, said: "All I'm getting is telephone calls from journalists about this, I'm not getting any from other institutions."

Other shareholders said that voting against the issue would be too drastic a response, even if they were unhappy with the proposal, since it would almost certainly force the resignation of Mr Brian Pearse, Barclays' finance director. "I could live with it, I don't think it's a gallows job," said the manager of a fund with a smaller stake in the bank.

Mr Pearse said late yesterday afternoon that no institutions had contacted him to complain about the issue. "It's early days, they won't have read all the papers yet," he said – a view echoed by at least one fund manager.

Investors are nonetheless concerned about the size and purpose of the rights issue, the second largest ever in the UK. Repairing the damage done to Barclays' capital ratios by exceptional provisions last year would require far less than ths £921m. And the case for asking investors to provide further cash when Barclays has been unable to finance its growth out of retained earnings has not been made sufficiently strongly, said one.

Lucas in £12.3m US expansion

By Andrew Hill

Lucas Industries, motor and aerospace components group, is to buy the hydro-mechanical interests of Amfac, US property, food and agriculture conglomerate, for between $23m (£12.3m) and $25m in cash, doubling the size of its North American fluid power operations.

Lucas said it had planned the purchase before last month's announcement of a £163m rights issue, which knocked 52p off the company's share price in a day. Yesterday, the shares put on 13p to close at 553p.

The company said the acquisition, Lucas's 11th in the last 18 months, should more than double its sales of hydraulic and pneumatic equipment from $50m to $110m annually and add 27 branches to Lucas's North American operation.

The Amfac business covers areas of North America not already served by the UK group's 22 existing branches.

Lucas added that it expected total sales in North America – from aerospace, automotive and industrial sectors – to approach $700m annually, with over 80 per cent of its products manufactured there.

The sale is part of Amfac's strategy, announced in December, of selling off all its US mainland operations, prior to returning to Hawaii, where it has large land holdings. At the time, the businesses earmarked for sale were valued at between $600m and $750m.

MMEC issue looks to be undersubscribed by 65%

BY FIONA THOMPSON

THE OFFER for sale of Merchant Manufactory Estate Company, the property investment and development group headed by Mr Paul de Savary, appears to have been substantially undersubscribed.

The offer closed yesterday morning and all the indications last night were that it was only 35 per cent subscribed. If so, it will be the worst performance of an offer for sale so far this year. The company will announce the exact level of applications today.

MMEC issued its prospectus last Wednesday, offering 11m shares – 40 per cent of the enlarged equity – at 98p each, to raise a total of £10m.

City property analysts were last night not surprised that the issue appeared to be a flop, since the offer price was at a substantial premium to the net asset value per share of 53p.

One analyst expressed nervousness that Mr Christopher Mills, the finance director, should be non-executive, and that Mr de Savary and Mr Mark Keegan, chairman, had both been directors of companies which became the subject of winding-up orders.

The offer is underwritten by Chase Investment Bank.

Wace profits climb and more acquisitions likely

BY PATRICK DANIEL

Wace, the pre-press production group, which yesterday announced its best-ever pre-tax profits of £3.38m, up from £1.57m, is still on the acquisition trail.

The group, which made 14 acquisitions in the last 24 months – seven in 1987 – is seriously looking at 10 to 12 more companies, and "a couple of good acquisitions are in the pipeline", according to Mr John Clegg, the group's 29-year-old joint managing director.

Continuing the turnround which begun in 1984 after successive years of losses which totalled £1.3m, the group's earnings per share jumped 97 per cent from 5.9p to 11.6p. Turnover increased 31 per cent to £28.27m (£21.66m).

A final dividend of 2p has been proposed, making a total of 3p for the year. This is the first year the group has declared dividends since 1980.

Wace's share price rose 12p yesterday to close at 247p.

Commenting on his acquisition intentions, Mr Clegg said: "We are capitalising on our position as market leader in our sector... We shall continue to acquire good-quality businesses within our sector which can be effectively integrated within Wace."

He said that, unlike many service companies, Wace had strong net asset backing – with zero debt – largely the result of its 1-for-3 rights issue in October last year which raised £16m.

In addition, it has a sizeable property portfolio, including a recently-acquired £2.6m site on the fringe of the City of London, which it is developing a purpose-built factory. It will serve as the group's headquarters when ready in 18 months' time.

City analysts have forecast pre-tax profits for 1988 of £5.6m on existing business and a further increase of earnings per share to 14.1p.

Burns-Anderson adds three more agencies

Burns-Anderson Group, financial services company, has expanded its staff recruitment activities to 12 locations by acquiring two agencies and buying out the minority interest in another.

The group has extended the umbrella identity of Burns-Anderson Recruitment to cover its expanded network in London, the Midlands and the north-west, although the seven existing trading names will also be retained.

Burns-Anderson agreed to buy the outstanding 49 per cent stake in Durston Marks on profit-linked terms. It also paid £200,000 for Labour Force, a Manchester-based industrial employment agency, and £862,000 for City Staff Bureau, a general agency.

Separately, Burns-Anderson agreed to buy out the 49 per cent minority in Whitehead and Partners, a school fees planning consultancy.

Staley reviews Tate & Lyle offer

BY CLAY HARRIS

Staley Continental, the US corn processing and syrup group, said yesterday it would reply to the $1.3bn (£710m) takeover offer from sugar refiner Tate & Lyle by no later than April 21.

Illinois-based Staley said its board and financial and legal advisers were reviewing the $32 per share tender offer which Tate launched on Friday. Tate already owns nearly 5 per cent of Staley's ordinary shares.

On Wall Street, Staley shares were $⅝ lower at $36⅝ by early yesterday afternoon. In London, Tate shares made up the ground lost on Friday, when its £206m rights issue was announced, with a 10p rise to 750p.

Brit Island Airways

British Island Airways increased 1987 pre-tax profits by 22 per cent from £1.63m to £1.99m on turnover ahead 20 per cent from £32.11m to £38.55m. Net assets grew £1.36m to £6.22m and earnings per share to 8.7p (7.4p).

Carborundum listing

Carborundum Abrasives, is applying to join the main market via an introduction. Shares in the company, which manufactures abrasives, specialist resins and drainage products, are currently traded on the over-the-counter

Board shake-up after poor trading at Underwoods

BY MAGGIE URRY

Underwoods, the 53-store London-based chemist chain, has made sweeping boardroom changes in response to poor trading results. The share price fell 8p to 138p yesterday.

The group warned that profits for the year to end-January were "significantly lower" than the £3.1m pre-tax made in 1986-87. Analysts are now expecting profits of about £1m to be revealed when the results are published on May 19.

Mr Neil Chisman, the group's new finance director, said the group needed a new management culture. He said the founders of the company, Mr Harold Woolf and Mr Brian Kerner, who are still major shareholders, recognised that Underwoods needed "a different way of running the company which is not within their talents".

Mr Woolf, who remains as chairman, and Mr Kerner, who has resigned as group managing director but stays a non-executive director, were "successful entrepreneurs", Mr Chisman said, but lacked the retailing professionalism required to continue the group's expansion.

The driving force behind the changes is Mr Alan Gaynor, now managing director, who joined Underwoods last December from WH Smith. His arrival came only months after takeover talks with Woolworth broke down, apparently over price.

Mr Chisman had previously worked for Coopers & Lybrand, management consultant, and is a specialist in information systems.

He admitted that Underwoods had a number of problems such as high levels of shrinkage (loss of stock), poor business controls, and a failure to find the right formula in out-of-London stores. One analyst described the difficulties as stemming from "a lack of discipline throughout the chain".

However, Mr Chisman said that none of the problems were insurmountable and a review of the group's operations was already underway. Meanwhile, the expansion programme would pause.

At the half year stage pre-tax profits were barely changed at £1.01m, after poor summer trading. Underwoods said yesterday that Christmas trading had also been below expectations and the cost of opening new stores had weighed heavily on profits. Mr Chisman said that there would be a sizeable one-off charge for reorganisation costs in the figures.

The group expected profit growth to resume in the current financial year but Mr Chisman said hopes of a return to £3m-plus would be too ambitious.

Mr Deue Davis, the former finance director, has resigned though he will continue as finance director of Underwoods Cash Chemists, the main subsidiary until June 30. Compensation for him has not yet been agreed.

Mr Dennis Casey and Mr Henry Padolsey, respectively deputy managing director and marketing director of Underwoods Cash Chemists, have also resigned. They each received compensation payments "well below £100,000", Mr Chisman said. More appointments are expected.

Advertising swing pulls up STV

BY FIONA THOMPSON

THE CONTINUED swing of advertising revenue to the south-east held Scottish Television's 1987 profits at £8.95m, marginally up on the previous year's £8.07m. Advertising sales increased to £74.15m from £70.32m, but this 5.5 per cent rise compared with the network's 12 per cent growth.

Sir Campbell Fraser, chairman of the independent contractor for central Scotland, said that advertising money continued to flow into southern England. "This had the effect of reducing our revenue share, most notably in the summer months, with some recovery in the autumn." STV's share of total network revenue slipped from 5.9 per cent to 5.6 per cent.

Mr Alan Montgomery, finance director, said STV's share of advertising revenue might well edge back up this year. "The price of the south-east companies' rate cards is twice as much as ours at peak time. I don't think this can continue."

The company had reached agreement with all its five unions on radical changes to working practices, said Mr Montgomery. "Our deal is signed. The agreement reduces demarcation lines, it abolishes minimum crew levels and there will be no automatic replacement of staff. Less people in the field will mean less overtime." Significant savings, "into six figures in a year", could be made, he said.

STV was pursuing diversification both within and outside broadcasting. "Our strategy is that within three to four years 30 per cent of profits will come from diversifying," said Mr Montgomery.

Turnover rose from £75.06m to £80.20m.buting £5.32m (£4.21m). The Exchequer levy was £4.22m (£4.85m) and the Fourth Channel subscription was £12.38m (£11.16m). Tax took £3.33m (£3.16m).

Earnings per share rose from 50.01p to 52.42p and a final dividend of 13.5p was recommended, making a total for the year of 17p (15p).

● comment

These rather dull figures were towards the lower end of analysts' expectations and the shares closed 4p off last night at 384p. The company had hoped, in the second half, to stem the fall in advertising revenue share which had begun in the first six months, but did not succeed. However, in the first quarter of this year, revenue was looking reasonably good, and the nine-month contribution from Pauline Hyde will add about £350,000 to this year's profits. The Hyde acquisition looks a good move, and, with £13m cash, the company may well make a similar purchase in the not too distant future. Certainly the diversification strategy is sensible. At about £10m for this year, the prospective p/e is just under 7, reasonable.

DIVIDENDS ANNOUNCED

		Current payment	Date of payment	Corres-ponding div	Total for year	Total last year
Accord Pubs §	fin	2.6	June 1	2.3	3.4	2.8
Asda Property	fin	1	July 1	0.7*	1	0.7*
Cannon St Invs.	fin	41	June 3	1.5	6	4
Comac ‡	fin	1.25	-	-	1.25	-
Dewhirst (IJ)	fin	0.69	July 1	0.64*	0.93	0.86*
Executex Cloth	fin	1.5	July 2	1.5	3	2.5*
Folkes Group	fin	1.25	-	1.15	1.8	1.5
Fortnum & Mason	fin	39	-	36	44.5	41
French Connect §	fin	3.5†	June 3	3.5	5.25	5.25
Friendly Hotels	fin	1.05†	-	0.7	1.6	1.2
Highland Dist.	int	0.77	June 6	0.68	-	2.45
ISA	fin	0.27	-	-	-	-
Lamont Holdings	fin	5	July 1	4	7	5.5
N. Brit Canadian	fin	5.6	-	5.3	8.1	7.45
Ossory Estates	int	0.15†	-	-	-	0.1
Scottish TV	fin	13.5	-	12	17	15
Sharp & Law §	fin	2	July 6	3	-	1
Theme Holdings ♦	fin	1.1	June 13	1	1.1	1
Wace	fin	2	-	-	3	-
Wardle Storeys	int	3.33	July 1	2.5	-	9

Dividends shown pence per share net except where otherwise stated. *Equivalent after allowing for scrip issue. †On capital increased by rights and/or acquisition issues. §USM stock. §§Unquoted stock. ‡Third market.

Litigation threat ends as Carless sells stake

By Clay Harris

Carless Capel & Leonard, independent oil company, yesterday dropped its threat of a legal challenge to the Calor Group demerger by agreeing to sell its minority stake in Century Power & Light, Calor's oil and gas subsidiary, for £52m.

The disposal, for a 10 per cent premium over net asset value, will give full control of Century to Acre Oil, the new company which will also include Dyas UK, at present part of SHV Holdings, the private Dutch group.

Mr Ian Clubb, Carless chief executive, said his company had decided against legal action because of the opportunity cost involved in delay. It had also achieved its target of being offered the same terms available to Calor shareholders.

The cash payment from Acre will wipe out Carless's £40m debt and provide finance for several acquisitions under consideration at present, Mr Clubb said.

Carless is looking at several exploration and production opportunities in the North Sea, as well as a small project in North America. The group was also seeking additional downstream activities, including refining and fuel distribution, in the UK.

The £52m Carless will receive for its 41.2 per cent stake in Century compares with the £38m it paid in May 1987. Carless said it agreed to sell to Acre to avoid the dilution of its stake inherent in the demerger plan.

The transaction is subject to approval by Carless and Acre shareholders. SHV, holding 40 per cent of Acre, will vote in favour and provide Acre with a loan facility to make the payment. Carless was advised by County Natwest.

Saatchi to buy US corporate design group

Saatchi & Saatchi is to pay up to $2m (£1.07m) for Cross Associates, a Californian corporate design company.

Cross will be absorbed into Siegel & Gale, Saatchi's design agency which already ranks in the top five in the US and the world. Cross, with annual revenues exceeding $2m, has a West Coast client list which includes Bank of America, Security Pacific, Northrop and Simpson Paper Company.

The initial cost of the acquisition is $500,000 with additional payments linked to profits up to March 1991. Mr Jim Cross, chief executive and founder of the company 25 years ago, has entered into a long-term service contract with Saatchi.

Friendly Hotels revamp pays off

Friendly Hotels reaped the benefits of its upgrading and modernisation schemes during 1987, particularly the second six months, and for the year as a whole raised its profits from £781,000 to £2.03m at the pre-tax level.

Earnings per 10p share rose to 14.9p (6.2p) and the dividend total is being lifted by 0.6p to 1.6p via a proposed final of 1.05p. Turnover for 1987 totalled £15.46m (£6.07m).

Mr Henry Edwards, chairman, said the year had been one of preparation for expansion of the nursing and care homes division. The principal aim was to concentrate on developing new homes in appropriate locations.

The major hotels had been professionally revalued, producing a surplus of £13.5m.

Acquisition planned as Comac rises 86%

Comac Group, Third Market-quoted computer systems and staffing company, reported strong 1987 results and plans to purchase the Shuter Smith Group for £700,000.

For the 12 months to end-December, Comac profits rose 86 per cent to £187,144 on turnover of £5.79m (£4.07m). A dividend of 1.25p is proposed on earnings per share of 8.06p (5.63p).

Philip Coggan looks at the forthcoming flotation of Thorntons

Chocolate topping for investors

IT was just like the heady days of the bull market. In the week before Easter, no-one could walk down London's Cheapside without noticing the queues of eager customers as they waited for a company that will be one of this year's major offers-for-sale.

Those punters were scrambling for sweets, not shares. But Thorntons, Britain's largest independent confectionery chain, hopes that when it floats on the market in the next two months, the City will be as enthusiastic about its stocks as it has been about its chocs.

The name of Thorntons has been associated with sweets ever since Mr Joseph William Thornton established the company in 1911. It has remained a family business to this day. Joseph's grandson, John, is the current chairman and chief executive, and he has worked in the company ever since he left Cambridge University in 1966.

Toffee was the company's bedrock, as several generations of children (and their dentists) can testify. But as the company has expanded it has gradually enlarged its range. The bulk of sales is now in the form of chocolates of one sort or another, either individually, in the "Continental" assortment, or in some special design like the white chocolate "Snowman" that adorns the shelves at Christmas.

Special designs are all-important for maintaining Thorntons' position as a top-of-the-range confectioner. The marketing device of writing the recipient's name in white on the outside of an Easter Egg, exploited in a recent advertising campaign, proved a tremendous success.

Although the total UK confectionery market is worth around £3bn a year, a substantial percentage of that is absorbed by "impulse sale" bars, manufactured by giant food companies such as Cadbury Schweppes and Rowntree.

The size of the market sector in which Thorntons competes is more difficult to estimate since it intersects with the "gift" industry. "Often people are choosing between a box of chocolates and a bunch of flowers", argues Mr Alistair Defriez of S G Warburg, the merchant bank which is jointly sponsoring the flotation with Granville.

That makes product packaging very important, particularly in the South which has been the focus of the group's recent expansion. "Scots and Northerners have a sweeter tooth and toffee sales are more important", says Mr Thornton "but southern preferences are for chocolates".

By "filling in" gaps in its southern coverage, Thorntons can see scope for a further 130 shops in the UK compared with its existing crop of 270 stores. Around 100 of those are in the form of franchises, usually in towns too small to merit a full Thorntons outlet. "We often take a counter in a gift or card shop" explains Mr Thornton.

Franchises, like the rest of Thorntons' outlets, are required to stock only the company's branded products. The latter are manufactured in three factories – at Belper in Derbyshire; at Sheffield, and a purpose built unit at Thornton Park, near Derby – and then delivered in Thorntons' own vans to its own shops.

John Thornton: scope for a further 130 shops

Thorntons believes that vertical integration is extremely important. It requires careful planning to produce enough stock for the peak seasons – Easter and Christmas – without crowding out shops which are limited in space (the average size is 290 square feet).

Linking manufacturing, distribution and retailing also allows Thorntons to keep a close eye on what the customer actually wants and to keep problem years like 1985, when the company got caught with too many seasonal items, to a minimum.

There is another important reason for manufacturing its own goods – the purity of the brand name. The amount and the type of sweets Thorntons makes for other retailers is strictly limited to a few key customers such as Marks and Spencer.

The strategy seems to have worked so far. Pre-tax profits have increased from £2.3m on turnover of £26m in 1983, to £6.18m on turnover of £46.3m in the year to May 30 1987. That should allow the company to be capitalised at between £75m and £100m when it joins the market.

What of the future? Thorntons has already made one unsuccessful foray abroad – setting up a chain of shops in the US which it recently had to close because there was little prospect of profit.

But John Thornton believes that, in confectionery terms, the UK has more in common with Europe than with the States. Thus, one of the aims of the flotation is to enable the group to expand into Europe – particularly Germany, France and Belgium – where it can make strategic acquisitions.

The immediate priority is the flotation. Those offers-for-sale which have tested the water in 1988 have had respectable, rather than overwhelming responses.

A lot may depend on whether investors are as enthusiastic about niche retailers, as they were when they flocked to buy shares in Sock Shop and Tie Rack last year. But keeping investors sweet will probably need a price/earnings ratio in the mid-teens rather than the 20-plus ratings that were possible before the Crash.

Wardle Storeys grows to £7.6m

BY ANDREW HILL

A STRONG half-year contribution from Weston Hyde Coated Fabrics helped Wardle Storeys, the plastic sheeting and survival equipment group, increase pre-tax profits by 38 per cent to £7.67m for the six months to February 29 1988, against £5.57m in the corresponding period.

Turnover was up 24 per cent at £37.3m (£29.8m) and earnings per share rose 33 per cent to 20.5p (15.4p). Wardle shares put on 30p to close at 600p last night.

Gross profit margins lifted some 4 per cent to 18 per cent. Wardle attributed this to the integration of Weston Hyde, acquired a year ago; continuing computerisation, particularly of production controls; and a policy of adding value to its PVC products, such as designing sheeting for specific markets.

Operating profits in the technical products division were nearly doubled to £4.28m (£2.74m). Mr Brian Taylor, chief executive, said operating profits at the original technical products business grew by between 25 per cent and 40 per cent, mostly as a result of improved efficiency and product mix.

Safety and survival equipment profits were static at about £1.41m. The integration of the GQ Parachutes business involved staff reorganisation and rebuilding of the factory at Blackmill in Wales, and delays held back production in the first half. Mr Taylor said production levels were now 50 per cent higher than in January.

Last year Wardle failed in a bid for Chamberlain Phipps, shoe components and adhesive company. Mr Taylor said Wardle was still looking for acquisitions – in the manufacturing, rather than the service industry – but prices were too high.

At the August year-end Wardle had just under £22m in cash, following a programme of disposals. Mr Taylor said the group now had "substantially more than that" and interest jumped from £636,000 to £976,000 in the first half. The company is due to receive the final instalment of its £2.7m sale of the Godalming site next month.

Wardle declared an interim dividend of 3.225p (2.5p).

● comment

The purchase of Weston Hyde exactly a year ago was all but submerged in the flood of publicity generated by Wardle's unsuccessful bid for Chamberlain Phipps. That low-key purchase of Weston's pure business – chemical formulae, intellectual property rights, order book and the like – is now paying off, contributing profits without increasing Wardle's overheads. The company promises further "significant benefits" from Weston in the second half and this should push pre-tax profits for the full year beyond £16m. Eventually the City hopes Brian Taylor will use some of the cash Wardle is accumulating to sustain momentum in the technical products division through acquisitions. Meanwhile, if inflatables remain buoyant, increased production at GQ Parachutes should restore growth in the safety and survival equipment division. The shares are on a prospective multiple of nearly 14, a deserved premium to the market.

French Connection jumps 42%

French Connection, USM-quoted fashion garment group, lifted pre-tax profits by 42 per cent to £5.02m in the year to end-January 1988, but Mr Stephen Marks, chairman, warned that trading in the current half year was unlikely to match that of the same period in 1987.

The outcome was scored on turnover up from £48.75m to £58.98m, and interest payable less receivable of £1.1m (£746,000).

Mr Marks added that trading conditions towards the end of the group's financial year had proved to be more difficult than anticipated at the time of the interim statement last October. However, initial orders taken for the group's winter collections indicated a confident start to the second half of the current year.

Overseas operations contributed a same again 20 per cent of group turnover, but only 25 per cent (44 per cent) of taxable profits.

After tax of £2m (£1.56m), earnings per 5p share worked through at 16.7p (12.3p). The proposed final dividend is maintained at 3.5p making an unchanged 5.25p for the year.

BOARD MEETINGS

[illegible]

TODAY

[illegible]

FUTURE DATES

[illegible]

Scantronic buys £7.25m ASH offshoot

BY CLAY HARRIS

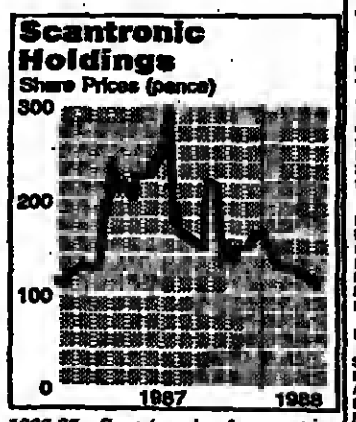
Automated Security (Holdings), security systems group, is to sell its radio and intruder alarm manufacturing operation for £7.25m to Scantronic Holdings, an associate company in which ASH has a stake of just over 30 per cent.

The deal will strengthen Scantronic's market position in the manufacture of alarm control panels. ATG-Thrust, the ASH subsidiary, will also bring signalling equipment.

For ASH, Britain's largest installer of burglar alarms, the disposal marks a decision to concentrate on this side of the business. It has agreed to buy at least £11m of products from Scantronic in each of the next three years.

Scantronic is to raise £7.8m through a two-for-five rights issue at 90p, compared with yesterday's market price of 111p. With the acquisition partially funded through separate issues of ordinary shares and convertible loan stock, only £4.25m of the rights issue proceeds will be used for this purpose; the rest will provide additional working capital.

Although ATG-Thrust achieved pre-tax and pre-interest profits of only £90,000 in the year to November 30, Scantronic said it believed the results were not a realistic guide to future performance, because the subsidiary had agreed to sell to ASH rather than as an independent business.



Estimating pre-tax profits of £2m for the year which ended on March 31, against £1.4m in 1986-87, Scantronic forecast a final dividend of 1.17p, for a total 33 per cent higher at 1.6p.

UK COMPANY NEWS

New acquisitions help CSI to fourfold profit increase

BY DAVID WALLER

Cannon Street Investments, the industrial holding company which fell victim to the 1974 secondary banking crisis but returned to the stock market in 1985, yesterday reported a fourfold increase in pre-tax profits for 1987.

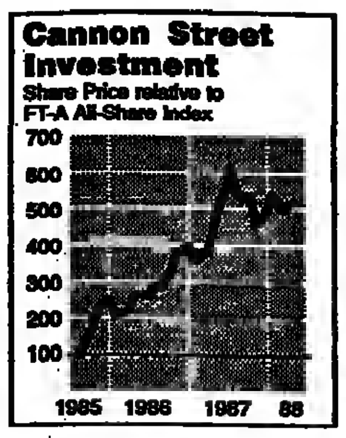
Taxable profits soared from £3.15m to £12.73m. Of this spectacular increase, £7.45m – nearly 60 per cent – came from the 12 companies acquired during the course of last year.

Businesses owned for the whole of last year improved their profits by 68 per cent, contributing £5.28m to the taxable profit figure.

Fully diluted earnings per share rose by 80 per cent to 19.16p during 1987 when the average number of shares in issue doubled to 38m. Net assets per share more than doubled to 117.13p (55.41p), and turnover climbed from £30.16m to £105.19m.

Mr Bill Hislop, chairman of CSI and architect of its recovery from near collapse in 1974, was reluctant to to give detailed figures on the individual performances of the 27 companies in the CSI portfolio.

He did indicate however that two companies bought in January last year – Betacom, the manufacturer and distributor of telephones and JE Parry, the housebuilder based in the north-west – had done particularly well.



The best performing divisions were consumer electronics (which embraces Betacom) and home improvements, which accounted for 20 and 14 per cent of profits respectively.

Having spent £37m on acquisitions last year, CSI has deployed £8.6m on buying five companies already this year.

The first of the flotations of subsidiary companies is not expected before this time next year.

A proposed final dividend of 4p takes the total for the full year to 6p (4p).

● comment

When, in the summer of 1985, Mr Hislop brought CSI back to the market after 11 years in the wilderness, he promised to generate rapid profits growth through the acquisition of entrepreneurial companies on lowly multiples. As yesterday's figures prove, he has delivered: not only did acquisitions which cost £37m contribute profits of £7.45m, but those businesses owned for the whole of the year improved their profits by nearly 70 per cent. Like many companies labelled with the acquisitive tag, CSI suffered harshly in the crash – but Mr Hislop's acquisition criteria make CSI a very different animal from those mini-conglomerates which it superficially resembles. Cash generativa, with stong asset backing, the company provides a vehicle for the fund manager wishing to invest in a federation of small, fast-growing companies without exposing himself to the illiquidity of the traditional USM stock. And in time, investor interest in CSI will be animated by the first flotations of the subsidiaries. CSI should make £20.5m this year, putting the shares (up 9p to 274p yesterday) on a prospective p/e of just over 11. Although a 10 per cent premium to the market, the rating appears modest in the light of longer-term growth potential.

Famous Grouse up 19% midway

Highland Distilleries reported interim pre-tax profit up 19 per cent as its Famous Grouse brand recorded increases in sales throughout the UK and made progress overseas.

Turnover rose 7.5 per cent from £66.27m to £71.23m in the six months to February 27 1988 for taxable profits of £7.3m (£6.12m). Net of excise duty turnover rose 15 per cent. Earnings per 20p share came out at 3.8p (3.2p) and an interim dividend of 0.765p (0.68p) is being paid.

Directors said that orders for new whisky fillings had increased substantially but what proportion of the increase was permanent remained to be seen. They added that the surplus stocks of recent years had been greatly reduced leading to more realistic pricing.

Sales of the single malts showed continued growth.

Operating profit came out at £6.1m (£5.22m) and the pre-tax figure was struck after investment income and net interest receivable of £1.2m (£907,000). The tax charge was £2.55m (£2.2m).

The reduction in the duty differential in the Budget was welcomed. However, the directors said it was ironic that while the inflation factor in capital gains had been excluded from taxation in the Budget changes this did not apply to the inflation factor in maturing whisky stocks.

Dewhirst's operating margins squeezed by sales shortfall

BY CLAY HARRIS

I J Dewhirst Holdings, clothing supplier to Marks and Spencer, increased pre-tax profits by only £277,000 to £6.5m for the year to January 15 1988 as a shortfall in budgeted sales squeezed operating margins.

For the first time in a decade, Dewhirst did not declare a scrip dividend to accompany its cash pay-out.

The pre-tax result would have been flat, or even slightly down, if Dewhirst had not bought May Trading, a skirts and belts supplier to M&S, last August.

Earnings per share rose by less than 1 per cent to 4.48p (4.44p)

Margins were affected by difficult trading conditions and heavy business development costs. These conditions included those for specialist machinery, design and training related to the group's diversification from mens wear into womens wear and toiletries.

Sales for the first 12 weeks of the current year were appreciably ahead of the comparable period, although margins were still under pressure, the company admitted.

However, order books pointed to increased sales and profits in the first half.

Operating profit rose to £6.24m (£5.87m) on turnover ahead by 16 per cent to £80.3m (£69.1m).

Net investment income fell to £266,000 (£379,000). Tax took £2.21m (£2.12m) and £208,000 (£115,000) was attributable to minorities.

A final dividend of 0.69p effectively raises the total to 0.93p (0.86p).

Dewhirst had failed to pay an annual bonus issue only twice since flotation in 1972.

Mr Alistair Dewhirst, chairman, said the company was likely in future to declare less frequent but heavier scrip issues to minimise administrative costs.

● comment

Dewhirst delivers men's suits and shirts to M&S; in return it gets a strait-jacket. Reliance on one customer for 80 to 85 per cent of business – with pressure not to let the proportion slip too far – is a cardinal fact of life in dealing with M&S, so Dewhirst is in no position to complain, even if it dared. Nevertheless, when retail sales flag unexpectedly, as they did last summer, pain is disproportionately transferred back down the line to suppliers, who find it more difficult to smooth out lumpy production than M&S does to reduce orders and deliveries. Dewhirst will continue to follow the only course available: playing to strength by adding new products for St Michael (though perhaps with slightly higher share going elsewhere) while getting a firmer grip on production. Pre-tax profits of £7.2m would put the shares on a prospective p/e of 9. In the past year, they have underperformed both M&S and the FTA Textiles and Clothing index. This is unlikely to change in the short term.

Asda Property achieves 89% growth to £3.64m

Asda Property Holdings, investment and development group, has maintained the profits surge posted at the midway stage.

Pre-tax profits expanded by 89 per cent to £3.64m in 1987 on turnover up from £15.1m to £20.33m. Mr Manny Davidson, chairman, said net rental income had risen 32 per cent to £3.9m, whilst net assets per share, including trading properties at directors' valuation and diluted for the conversion of preference shares, had increased from 91p to 177p.

Asda's commercial investment portfolio had shown excellent rental and capital growth; holdings in London's West End and the City had performed particularly well, he said. The residential portfolio had shown significant growth in size and value.

Earnings per 20p share rose 50 per cent to 3.6p (2.4p) and the directors propose a single dividend for the year of 1p (0.7p adjusted for 400 per cent scrip issue in October).

Sharp & Law rises to a record £1.2m

Bradford-based shopfitting group Sharp & Law progressed strongly in 1987 producing record profits of £1.21m pre-tax compared with a previous £818,000.

For the current year the board expects strong organic growth with the benefits of intra-group trading and integration of the enlarged group being realised in the second six months.

Turnover for 1987 improved from £12.91m to £21.52m.

The group, which obtained a USM quote last May, is paying a final dividend of 2p making 3p for the year. Earnings per 10p share improved to 9.9p (7.35p).

Acquisitions, both during the year and since – the BFN group, a leading UK specialist shopfitter, was purchased in December for £26m – have broadened the group's customer base to most retail sectors and many non-retail areas.

Some £2m has been budgeted for improving manufacturing capacity in 1988.

Accord Publications sees little change at £0.95m

AFTER A year of development Accord Publications reported 1987 taxable profits up by only 2 per cent. It also announced a further acquisition for a maximum £2.5m.

The USM-quoted greetings cards maker made £954,000 (£927,000) on turnover up 16 per cent at £8.22m. Earnings per 5p share were 10.1p (9.5p) with a proposed final payment of 2.6p for a total of 3.4p (3.2p).

The company is buying 80 per cent of Xpressions for an initial payment of £300,000, satisfied by £200,000 cash and the balance in shares. There will be further profit-related payments of a minimum £200,000 and maximum £2.2m.

Accord has the option to acquire the remaining 20 per cent for a nominal £1. Xpressions designs and distributes novelty items. In the 11 months to the end of December 1987 pre-tax profits were £99,000 on turnover of £981,000.

Ossory Estates tops £1m mark

Ossory Estates, investor, developer and dealer in commercial and residential property, saw pre-tax profits surge from £168,000 to £1.19m for the six months to end-December 1987. Turnover was slightly down from £11.7m to £10.28m. Earnings per 5p share rose from 0.15p to 0.8p and an interim dividend of 0.15p (nil) has been declared.

Current group rental income is put at in excess of £3.5m (£906,000).

Executex Clothes improves to £0.55m

Executex Clothes lifted pre-tax profits from £452,000 to £546,000 for the year to December 31 1987 even after allowing for US losses of £71,000. Turnover was higher at £6.66m compared with £5.19m, and earnings per share improved from 11.9p to 13.5p.

A final dividend of 1.5p is proposed making a total of 3p- an effective increase of 20%. A further scrip issue, on a one-for-five basis, is proposed.

Mr John Luper, chairman, said steps had been taken to ensure improvement at the US subsidiary after it managed only a small second half profit, and the only other problem in the profit had been a bad debt of just over £50,000 which had been reserved against in full. The suit division - a poor performer in previous years - had done extremely well, mainly due to improved quality and design.

Trading results for the current year to date were satisfactory.

Folkes edges ahead in year of restructuring

Folkes Group, a property, engineering and consumer products company, reported a modest rise in pre-tax profits in 1987 from £2.4m to £2.64m on turnover which dropped from £58.3m to £55.57m.

Mr Constantine Folkes, chairman, said that the results were achieved against a background of restructuring and modernisation of the company. After tax of £455,000 (£494,000) and an extraordinary debit of £1.85m (£1.27m), earnings per 5p share worked through at 5.05p (4.5p). The directors have recommended an improved final dividend of from 1.15p to 1.25p, making a total of 1.6p (1.5p).

Mr Folkes said that the restructuring of the company was now complete and that all operations had started 1988 with healthy order books. There was a consequent improvement in the first quarter over last year. He said the potential was there for further improving the group's profit performance.

ISA Intl rises to £1.4m and further growth seen

ISA International, in its first figures since coming to the market in October last year, reported 1987 pre-tax profits more than doubled from £638,000 to £1.36m.

The result compares with a forecast of £1.3m made at the time of the placing.

Turnover for this Bradford-based distributor of branded consumables for information-processing equipment was £16.98m, a rise of 44 per cent on the previous year's £11.79m. Earnings per 5p share were 5.05p (2.33p) and as forecast the directors have recommended a final dividend of 0.27p.

Mr John Parkinson, chairman, said that the number of products and suppliers in its range had increased in the period and that existing products had continued to perform strongly.

For the present year he said prospects for organic growth were very good and that suitable acquisitions continued to be examined.

Fortnum grows 19% to £1.18m

Fortnum & Mason, AB Foods' prestige department store, raised pre-tax profits for the 52 weeks to end-January 1988 by 19 per cent from the £996,000 of the 53-week period last time to £1.18m. Turnover was up from £15.79m to £18.51m.

After tax of £430,000 (£370,000), earnings per £1 share came out at 175p (145p). An increased final dividend of 39p makes 44.5p (41p).

Theme jumps 75% to £0.7m

In a year in which activities were substantially broadened Theme Holdings, Third Market traded leisure group, achieved a 75 per cent increase in pre-tax profits from £407,000 to £711,000. This was on turnover up 64 per cent from £4.09m to £6.71m. A dividend of 1.1p for the year to end-October is proposed.

Mr Roger Myers, chairman, said the two health clubs acquired during the year had traded buoyantly. It was intended to expand group activities in this area.

Last April the leasehold interest of Peppermint Park was sold for £750,000. The figure of £234,000 (£74,000) is profit on sale of properties. Earnings per share were 4.2p (2.6p).

In the current year six further units were added to the restaurant division through the purchase of Leadenhall Wine Company. A chain of public houses has also been acquired.

COMMODITIES AND AGRICULTURE

Stock rises hit aluminium and nickel prices on LME

BY KENNETH GOODING, MINING CORRESPONDENT

ALUMINIUM AND nickel prices fell on the London Metal Exchange yesterday following news that stocks rose last week. Nickel, already on its way down from the peak $10.84 a lb for cash metal, fell a further 31.5 cents from the closing level on Friday to $6.64 a lb. in LME contract terms cash nickel was down $1,800 to $14,650 a tonne.

The price of nickel to be delivered in three months dropped by 75 cents a lb to $5.74, the first time the metal had traded at below $6 since mid-March.

The cash price of high-grade (99.7 per cent pure) aluminium fell by $185 a tonne yesterday to $2,706 while the three-month price was down by $142.50 a tonne to $2,267.50.

Nickel's downward trend was accelerated by a rise in LME stocks last week of 1,068 tonnes to 3,078 tonnes. This compared with stocks of 1,788 tonnes two weeks earlier, the lowest for five-and-a-half years.

The fall in the nickel price was triggered nearly two weeks ago when traders became aware that delays to shipments from Falconbridge's subsidiary in the Dominican Republic were not as bad as previously feared.

However, nickel remains in short supply because of unexpectedly high demand from the stainless steel industry and analysts do not expect the price this year to fall much below $5 a lb, more than twice the average level for 1987.

Analysts and traders cannot see where the extra nickel is to come from to make up for the expected 50,000 tonnes deficit in supply this year.

In contrast, supplies of aluminium are being increased as the industry brings capacity on stream, encouraged by high demand and high prices.

But traders had been expecting the International Primary Aluminium Institute stocks to fall by more than 50,000 tonnes in February. They were taken by surprise when the Institute revealed non-socialist world stocks were unchanged from the January total, which had been revised slightly upwards to 3.175m tonnes.

LME aluminium stocks rose by 7,600 tonnes to 47,875 tonnes.

LME WAREHOUSE STOCKS (Change during week ended last Friday) tonnes		
Aluminium standard	+2,975	to 26,850
Aluminium high grade	+4,625	to 22,225
Copper grade A	-2,700	to 33,275
Lead	+1,275	to 23,200
Nickel	+1,068	to 3,078
Zinc	-425	to 34,850
Tin	-250	to 18,325
Silver (oz)	-450,000	to 18,256,000

Jamaica reduces bauxite tax

BY CANUTE JAMES IN KINGSTON

THE JAMAICAN Government has reduced a controversial tax on bauxite production being paid by one of the companies operating in the island, and industry sources say the reduction is to be applied to the other companies.

The Aluminum Company of America (Alcoa) has been granted a 50 per cent reduction in the bauxite production levy, which has been opposed by the mining and refining companies since it was imposed unilaterally 14 years ago. The reduction came out of a recent agreement between the Government and the company, in which the Government increased its stake in Alcoa's Jamaican operations to 50 per cent at a cost of $26.5m (£14m).

The production levy is currently pegged at 6 per cent of the average realised market price for aluminium ingot sold in North America, Europe and Asia. Under the new agreement, however, Alcoa will now pay the full 33⅓ per cent tax on profits.

Jamaica is the world's third largest bauxite producer, after Australia and Guinea, with ore output last year of 7.9m tonnes.

Government officials said the Jamaican administration, which had refused to cut the tax rate for fear of a reduction in foreign earnings, had come to the conclusion that the tax yield from the projected expansion in production at the Alcoa refinery would compensate for reduced earnings from the production levy.

Under the agreement the plants 800,000 tonnes-a-year capacity is to be increased to 1m tonnes-a-year.

The Government and the local subsidiary of Alcan Aluminium are currently discussing the company's operations in Jamaica, amid indications that the cut in the levy will be offered in exchange for a commitment from Alcan to bring production in its two refineries from 750,000 tonnes per year up to the full rated capacity of 1.1m tonnes-a-year. The company is also likely to be required to pay income tax at the 33⅓ per cent rate.

The changes in the tax structure which have been agreed with Alcoa will allow the Jamaican Government access to alumina to supply contractual commitments with Marc Rich, the commodity broker.

Under that agreement, which started in 1985, Jamaica has been supplying varying amounts of alumina, with shipments last year reaching 700,000 tonnes. Officials say this year's shipments to Marc Rich will be about 800,000 tonnes, to be supplied from the Government's 50 per cent share of the Alcoa refinery, supplemented by purchases from Alcoa's share of the production.

Brazilian soyabean market in turmoil

THE BRAZILIAN soya market is in turmoil following a serious drought in producing areas in the south of the country. The Brazilian prices are rising much faster in relation to other producing countries, Sao Paulo traders say, writes John Barham in Sao Paulo.

The doubt now is whether local prices will recede or whether international prices will keep rising.

Recent estimates are for the national soya harvest of 18m tonnes, a drop of 7.7 per cent from the previous forecast. The harvest has dropped because of a three-week dry spell in the south of Brazil. The poorer-than-expected Brazilian harvest is one of the reasons for the surge in international prices.

Mr Stanley Haar, who trades soya for Contibrasil, a subsidiary of Continental Grain, said: "We are having difficulty getting beans at prices which we would be prepared to pay. There are plenty of beans, but not at the price exporters or crushers are willing to pay."

The most aggressive Brazilian buyers, Mr Haar said, are paying $5.4 a bushel, which means they are about $16 a tonne over-priced in relation to beans from other producing countries.

The drought explains only part of the price increase. Many Brazilian farmers are betting that the international price will rise to local levels and so are holding on to their produce. They are also expecting domestic inflation to get worse, so they are choosing sell soya gradually.

An official at Abiove, the soya industry trade association, said transport problems in the west of Brazil are also raising prices, since heavy rains have made roads impassable.

Brazilian ports are congested, with waiting periods of up to 18 days for loading pellets, which is also adding to the cost of Brazilian soya.

These various factors are now leading traders to divert ships bound for Brazilian ports to load cheaper Argentine or even American soya, which could soon force a realignment of Brazilian prices.

Malaysian exchange plans cocoa futures

By Wong Sulong in Kuala Lumpur

THE KUALA Lumpur Commodities Exchange is to launch cocoa futures trading on August 8. Following consultations with traders in London and New York last month, the exchange has had decided that the cocoa contract, like the tin contract launched last October, will be in US dollars.

The plan for a Kuala Lumpur contract is reported to have been welcomed by the London and New York traders, because they believe there is a need for a cocoa hedging market in the Far East, in view of the growing importance of Malaysia and Indonesia as cocoa producers.

Between them the two countries last year produced about 225,000 tonnes of cocoa beans.

The contract size has been raised from five tonnes to 10 tonnes per lot, reducing the cost of trading by about a third. The second trading session will end at 7 pm Malaysian time, which will allow for arbitrage with the London market.

The KLCE has also announced that the the size of its tin contract will be increased from one tonne to five tonnes in June, in anticipation that the same contract size will be chosen for the relaunch of London Metal Exchange tin trading, expected within the next year.

London traders have suggested that it would be more convenient for them to trade on the KLCE if arrangements could be made with the International Commodities Clearing House in London to enable them as ICCH members to pay or receive their margins, settlements and tenders through the ICCH.

Meanwhile the Association of Tin Producing Countries, has called for the setting up of an international tin study group under the auspices of the United Nations Committee on Trade and Development. It would function like the International Rubber Study Group as a data collecting centre and forum for producers and consumers.

The ATPC executive council at its meeting in Kuala Lumpur last Friday also expressed satisfaction that the council's export rationalisation programme had succeeded in reducing the large overhang in the market.

For the second export rationalisation year, from March, the seven ATPC members have been allocated 86,300 tonnes, while Brazil and China, non-ATPC producers, have pledged not to export more than 26,500 tonnes and 10,000 tonnes respectively.

Opec keeps oil traders guessing

BY STEVEN BUTLER

THE ORGANISATION of Petroleum Exporting Nations is in disarray – it has lost the ability to fix oil prices and its members appear to be viewing the world through startlingly different spectacles.

And yet, last weekend the group once again caught everyone off guard. Just by meeting on Saturday, and then calling a full meeting for later this month, Opec has managed to add nearly $2 to the market price of oil. Although it has not yet sacrificed a drop of production, it has put a chill into the heart of every oil trader tempted to sell short and left everyone guessing what is coming next.

The real guessing game, however, concerns not just what Opec will do, but what Saudi Arabia will do. Saudi Arabia is Opec's biggest producer and it holds the key to any attempt to shore up prices.

The mystery of why Saudi Arabia suddenly reversed its position nearly three weeks ago and agreed to an Opec price committee meeting in Geneva last Saturday still has not been fully resolved. And now there is another. Why, after weeks of insisting no production cuts should be made, did Saudi Arabia agree to back a full Opec meeting, the only apparent purpose of which is to consider production cuts?

It is tempting to conclude that Opec is perfecting the art of bluff. Still any appearance of strategy in this series of unlikely meetings and surprise reversals of position is probably purely accidental.

The confusion underlines the power that Opec has lost as its share of the world market has slipped, to about 40 per sent of non-communist oil supply. Yet in the face of oil prices plunging $4 below the official Opec reference price of $18 per barrel, the group has shown it can at least meet to talk about it.

Oil markets were unimpressed by the outcome of December's full Opec meeting, in which the best that bickering members of the cartel could cobble together was reaffirmation of the previous year's production and price levels.

The plunge in market prices after the meeting illustrated once again how tenuous Opec's grip on oil trading has become. This is a result not only of Opec's shrunken share of the oil market but also of the rapid growth and maturing of markets for trading oil.

Although most oil in the world is still sold through term contracts with varying degrees of price and volume flexibility built in, a market price is now supplied by the active trading of forward "paper" contracts for delivery of North Sea crude oil, shorthanded as the Brent market, and by the New York Mercantile Exchange, whose West Texas Intermediate contracts have grown rapidly in popularity. Brent is the best international price marker because US crude is not exported.

Enough oil slips through the net of term contracting to give buyers an alternative. And with increasing participation by the sophisticated Wall Street commodities houses, traders are adept at siezing on bits of news to test the highs and lows of the market.

That makes the markets more efficient than they were, in the sense that traders push prices until they quickly find buyers and sellers. An Opec bluff will not last long anymore, even though traders know that if pushed too far Opec is capable of taking action to defend itself.

The price decline after the December meeting was halted temporarily by two factors. First, Transworld Oil, a trading company headed by Mr John Deuss, scooped up all the 42 contracts for January delivery of Brent oil, both driving up the prices and taking a about 2.5m barrels of oil out of the market.

Mr Deuss has since been forced to unload the cargoes at steep discounts, and is thought to have lost tens of millions of dollars on the deal.

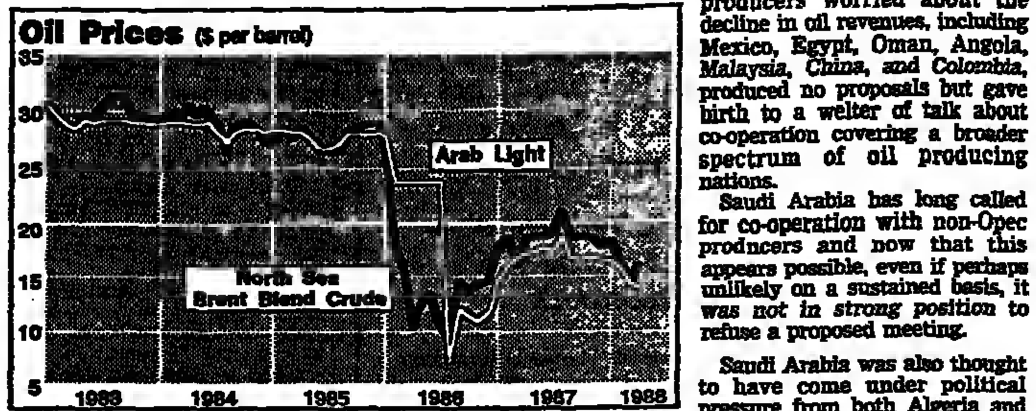
It is hard to imagine why Mr Deuss thought he could make money on the ploy, although many in the market believe that he had rich Arab backers. Observers have been struck by the fact that shortly after Mr Deuss tightened his grip on the market, the United Arab Emirates reined in production by 300,000 barrels per day. In the event, Mr Deuss has now trimmed back his operation by closing offices in New York, Tokyo, and Brussels.

Mr Deuss's strategy of taking a big, long-term position appears slightly anachronistic in a market where most players are actively trading positions and making money on short-term price fluctuations.

A second reason for price firmness in January was that Opec unexpectedly managed to cut production back to its quota level of 15.03m barrels per day, excluding Iraq. This was because buyers said no to official Opec prices and refused to lift cargoes.

That situation, however, could not last for long, since Opec members need revenue from oil sales, so gradually market-related discounts emerged and brought down the entire worldwide price structure of oil as Opec nations sought to maintain their share of the market.

Calls for Opec action grew louder in early March when Brent oil prices plunged through $14 per barrel and touched a 16 month low. Even with Opec producing below its self-assigned quota level, the world was flooded with oil. This was a result both of past Opec over production, a mild winter in Europe and Japan, and a rise in non-Opec oil production.



Yet until Saudi Arabia, which has the world's largest oil reserves, abruptly reversed its position Opec could not act.

One theory is that the Saudis agreed to take action because they were heartened by signs that certain non-Opec producers were more serious about restraining their own production. A March meeting in London of representatives from seven oil producers worried about the decline in oil revenues, including Mexico, Egypt, Oman, Angola, Malaysia, China, and Colombia, produced no proposals but gave birth to a welter of talk about co-operation covering a broader spectrum of oil producing nations.

Saudi Arabia has long called for co-operation with non-Opec prodncers and now that this appears possible, even if perhaps unlikely on a sustained basis, it was not in strong position to refuse a proposed meeting.

Saudi Arabia was also thought to have come under political pressure from both Algeria and Egypt, with whom it enjoys close ties. Venezuela made some embarrassing accusations at the weekend that Saudi Arabia was angling for a $15 oil price. Saudi Arabia appears vulnerable to a bit of pushing around.

Saudi Arabia, however, has a different perspective from other Opec nations. While unhappy with low oil prices, its first quarter revenues from oil exports are thought to be higher than last year, when it heeled in production in an effort to support world prices. Last year, the fruit of Saudi efforts to strengthen prices was that other oil producer turned on the tap and flooded market with crude, leading to another price collapse.

Saudi Arabia might support a cut in Opec output, but it must also know that many oil analysts believe supply and demand are swiftly coming back into balance even at current production levels. An indelicate Opec production cut could send price rocketing and that is something Saudi Arabia would like to avoid, since consumption would be discouraged, while investment in oil exploration and alternative energy sources would pick up again.

All of this this illustrates why a moderate policy of seeking to maintain market share may be to Saudi Arabia's benefit.

Norway announces natural gas find in Barents Sea

BY KAREN FOSSLI IN OSLO

STATOIL, NORWAY'S state oil company, says that it has made the first Norwegian gas discovery in the Barents Sea.

It said the discovery, described as a "smallish field", was in a new exploration province called the North Cape Basin. It was drilled in the eastern-most part of the Barents Sea, not hitherto drilled by the Norwegians.

Statoil says that it will drill at least one additional well in the area to help determine the size of the field.

As Norway pushes further east in the Barents Sea the outstanding question of boundary delineation there still clouds prospects, should a significant oil or gas discovery be made.

Norway and the Soviet Union failed to reach agreement on this question in January when Mr Nikolai Ryzhkov, the Soviet Prime Minister, visited Oslo. Norway's Prime Minister, Mrs Gro Harlem Brundtland, is scheduled to visit Moscow sometime this year to re-open talks on the issue, but a date has not yet been finalised.

The area in question covers a 155,000 sq km disputed zone which the Soviets would like to see jointly administered as a "fifty-fifty" area of economic co-operation.

Norway, however, is still disappointed with a previous agreement reached on sharing fishing rights in the so-called grey area north of the Kola peninsula. It is prepared to accept only a clear and decisive demarcation boundary to resolve the Barents Sea dispute.

WORLD COMMODITIES PRICES

LONDON MARKETS

COPPER prices continued their recent decline on the London Metal Exchange yesterday, with three-month metal closing at a day's low of £1,205.50 a tonne – a fall of £20 to add to last week's total decline of £49 a tonne. The decline reflected a fall in New York, where the strength of the dollar forced prices down despite a further fall in Comex stocks last week. Stop-loss selling followed a breach of the $2,250 a tonne chart support level. In contrast zinc prices were firmer, helped by easier sterling against the dollar and a small fall in LME stocks last week. The three-month price recovered much of last week's total fall of £15, closing up £9.75 at £552.25 a tonne. However, the market showed little positive reaction to news that US producer Jersey Miniere had raised its list price by 3 cents a lb to 55 cents for high grade metal. Meanwhile the second position cocoa price moved back above £900 a tonne.

SPOT MARKETS

COCOA £/tonne

COFFEE £/tonne

SUGAR $ per tonne

POTATOES £/tonne

SOYABEAN MEAL £/tonne

FREIGHT FUTURES $10/index point

GAS OIL $/tonne

GRAINS £/tonne

LONDON METAL EXCHANGE (Prices supplied by Amalgamated Metal Trading)

LONDON METAL EXCHANGE TRADED OPTIONS

LONDON BULLION MARKET

TEA

US MARKETS

PRECIOUS METALS opened easier in response to the firmer U.S. dollar then recovered in light volume on mixed short-covering, reports Drexel Burnham Lambert. Copper futures eased as commission house selling touched off stops before late fund selling extended losses on the day. Crude oil futures rallied in moderate trading reflecting reports of an initiative to support prices by non-O.P.E.C. producers. Coffee, cocoa and sugar were all featureless. Cattle futures steadied in response to higher cash prices and good physical trading, hogs rallied despite lower cash prices as traders anticipated a pick-up in the physical market and bellies rallied in sympathy with hogs. The grains were mixed and quiet.

CRUDE OIL (Light) 42,000 US galls $/barrel

	Close	Previous	High/Low	
May	17.82	16.88	17.86	17.57
Jun	17.67	16.76	17.71	17.43
Jul	17.55	16.66	17.58	17.35
Aug	17.44	16.61	17.48	17.30

COCOA 10 tonnes;$/tonnes

COFFEE "C" 37,500lbs; cents/lbs

SUGAR WORLD "11" 112,000 lbs; cents/lbs

COTTON 50,000; cents/lbs

ORANGE JUICE 15,000 lbs; cents/lbs

INDICES

HEATING OIL 42,000 US galls, cents/US galls

New York

GOLD 100 troy oz.; $/troy oz.

PLATINUM 50 troy oz; $/troy oz.

SILVER 5,000 troy oz; cents/troy oz.

COPPER 25,000 lbs; cents/lbs

Chicago

SOYABEANS 5,000 bu min; cents/60lb bushel

	Close	Previous	High/Low	
May	682/0	678/0	683/0	677/2

SOYABEAN OIL 60,000 lbs; cents/lb

SOYABEAN MEAL 100 tons; $/ton

MAIZE 5,000 bu min; cents/56lb bushel

WHEAT 5,000 bu min; cents/60lb-bushel

LIVE CATTLE 40,000 lbs; cents/lbs

LIVE HOGS 30,000 lb; cents/lbs

PORK BELLIES 38,000 lbs; cents/lb

CURRENCIES, MONEY AND CAPITAL MARKETS

FOREIGN EXCHANGES

Dollar gains as pound falls

THE DOLLAR benefitted from several favourable factors yesterday, but maintained a nervous tone, as dealers saw the possibility of disappointment for the currency later in the week.

The meeting of Group of Seven ministers in Washington has led to speculation about measures to prop up the dollar, but in general the market suspects there will be little more than a further commitment to stabilising the foreign exchanges.

News that Japan's March unadjusted trade surplus was $7.46bn, compared with $8.05bn a year earlier, and against estimates of around $8bn to $9bn, also provided support, although the figure was higher than the $5.24bn in February.

Thursday sees publication of the US trade figures for February. An improvement on the January deficit of $12.44bn is expected, but some forecasts have been as low as $8bn, and the result could prove disappointing. Many economists expect the deficit to remain above $10bn.

The dollar rose to DM1.6865 from DM1.6725; to Y126.55 from Y125.60; to SFr1.3960 from SFr1.3825; and to FFr5.7150 from FFr5.6725.

On Bank of England figures the dollar's index rose to 93.4 from 93.1.

STERLING - Trading range against the dollar in 1987/88 is 1.8880 to 1.4710. March average 1.8332. Exchange rate index fell 0.5 to 77.8, compared with 73.3 six months ago.

Sterling fell back to DM3.1275 from DM3.1375, on profit taking and nervousness about oil prices.

The pound was already falling back when the Indonesian Oil Minister dismissed suggestions that Opec will soon cut production. His comments followed a meeting of the Opec pricing committee in Vienna.

Sterling fell quite sharply against the stronger dollar, losing 2.20 cents to $1.8540 and also declined to SFr2.5875 from SFr2.5925; to Y234.50 from Y235.50; and to FFr10.5950 from FFr10.6425.

D-MARK - Trading range against the dollar in 1987/88 is 1.8305 to 1.5740. March average 1.6766. Exchange rate index 148.8 against 148.5 six months ago.

The D-Mark weakened in Frankfurt, as attention focused on the dollar's improvement against sterling.

The dollar rose to DM1.6865 at the close from DM1.6760 previously. The dollar was fixed near the top of the morning's range, at DM1.6838, compared with DM1.6741 on Friday, without intervention from the Bundesbank.

In Paris the D-Mark weakened against the French franc at the fixing, falling to FFr3.3914, against FFr3.3928 previously. The Bank of France had no need to intervene, according to dealers, as the strength of the dollar took upward pressure off the D-Mark in the European Monetary System.

JAPANESE YEN - Trading range against the dollar in 1987/88 is 159.45 to 121.35. March average 127.08. Exchange rate index 242.6 against 220.9 six months ago.

The yen tended to weaken against the dollar, even before publication of the March Japanese trade figures. News of the lower than expected Japanese trade surplus came too late to influence the Tokyo market.

The dollar closed in Tokyo at Y125.70, compared with Y125.30 on Friday, on short covering, ahead of the G7 meeting this week and publication of the February US trade figures.

* The World Value of the Pound, which normally appears on this page, is now incorporated in a new feature, FT Guide to World Currencies, which appears today on Page 36.

£ IN NEW YORK

Apr.11	Latest	Previous Close
£ Spot	1.8575-1.8585	1.8750-1.8760
1 month	0.17-0.15pm	0.23-0.21pm
3 months	0.55-0.51pm	0.70-0.67pm
12 months	2.05-1.95pm	2.35-2.27pm

Forward premiums and discounts apply to the US dollar

STERLING INDEX

		Apr.11	Previous
8.30	am	78.3	78.3
9.00	am	78.3	78.4
10.00	am	78.1	78.4
11.00	am	78.1	78.3
Noon		78.0	78.4
1.00	pm	77.9	78.1
2.00	pm	77.9	78.2
3.00	pm	77.8	78.1
4.00	pm	77.8	78.3

CURRENCY RATES

Apr.11	Bank rate %	Special* Drawing Rights	European Currency Unit
Sterling	-	0.735569	0.664063
U.S Dollar	6	1.37978	1.23117
Canadian $	8.75	1.72155	1.52702
Austrian Sch.	3	16.2331	14.5832
Belgian Franc	6½	48.3923	43.4542
Danish Krone	7½	8.83473	7.94353
Deutsche Mark	2½	2.30989	2.07551
Neth Guilder	3¼	2.59399	2.32926
French Franc	9½	7.84129	7.03800
Italian Lira	12½	1715.07	1538.66
Japanese Yen	2½	172.886	156.137
Norway Krone	8	8.62914	7.74346
Spanish Peseta	-	153.527	137.337
Swedish Krona	7½	8.13656	7.31193
Swiss Franc	2½	1.90962	1.71810
Greek Drach.	20½	N/A	165.593
Irish Punt	-	0.864470	0.776129

*All SDR rates for Apr.8

CURRENCY MOVEMENTS

Apr.11	Bank of England Index	Morgan** Guaranty Changes %
Sterling	77.8	-14.9
U.S. Dollar	93.4	-13.8
Canadian Dollar	81.1	-6.3
Austrian Schilling	139.7	+10.6
Belgian Franc	100.3	-5.1
Danish Krone	92.8	+1.9
Deutsche Mark	148.8	+22.6
Swiss Franc	175.8	+23.6
Guilder	137.6	+15.2
French Franc	71.3	-13.9
Lira	46.5	-19.8
Yen	242.6	+82.3

Morgan Guaranty changes: average 1980-1982=100. Bank of England Index (Base Average 1975=100) **Rates for Apr.8

OTHER CURRENCIES

Apr.11	£	$
Argentina	10.0935-10.1545	5.4500-5.4800
Australia	2.4850-2.4880	1.3415-1.3425
Brazil	220.50-221.70	119.05-119.65
Finland	7.4830-7.4965	4.0370-4.0390
Greece	248.25-253.80	132.75-135.65
Hong Kong	14.4750-14.4920	7.8095-7.8115
Iran	125.30*	66.00*
Korea(Sth)	1386.10-1398.65	740.50-746.50
Kuwait	0.50850-0.50900	0.27415-0.27425
Luxembourg	65.30-65.40	35.20-35.30
Malaysia	4.7825-4.7945	2.5810-2.5840
Mexico	4204.05-4224.85	2270.00-2280.00
N. Zealand	2.8100-2.8150	1.5160-1.5180
Saudi Ar.	6.9560-6.9620	3.7500-3.7510
Singapore	3.7255-3.7315	2.0075-2.0095
S. Af (Cm)	3.9685-3.9845	2.1420-2.1250
S. Af (Fn)	5.6215-5.7970	3.0305-3.1250
Taiwan	53.55-53.85	28.60-28.70
U.A.E.	6.8120-6.8180	3.6725-3.6735

*Selling rate

EMS EUROPEAN CURRENCY UNIT RATES

	Ecu central rates	Currency amounts against Ecu Apr.11	% change from central rate	% change adjusted for divergence	Divergence limit %
Belgian Franc	42.4582	43.4542	+2.35	+2.05	±1.5344
Danish Krone	7.85212	7.94353	+1.16	-0.14	±1.5404
German D-Mark	2.05853	2.07551	+0.82	-0.48	±1.0981
French Franc	6.90403	7.03800	+1.94	+0.64	±1.3674
Dutch Guilder	2.31943	2.32926	+0.42	-0.88	±1.5012
Irish Punt	0.768411	0.776129	+1.00	-0.30	±1.6684
Italian Lira	1483.58	1538.66	+3.71	+2.96	±4.0752

Changes are for Ecu, therefore positive change denotes a weak currency. Adjustment calculated by Financial Times.

POUND SPOT- FORWARD AGAINST THE POUND

Apr.11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
US	1.8505-1.8745	1.8535-1.8545	0.17-0.14cpm	1.00	0.55-0.50pm	1.13
Canada	2.2950-2.3210	2.2950-2.2960	0.08-0.18cdis	-0.68	0.26-0.38dis	-0.56
Netherlands	3.50-3.52¼	3.50¾-3.51¾	1⅛-⅞cpm	4.06	3⅝-3¼pm	4.06
Belgium	65.30-65.75	65.30-65.40	20-5cpm	2.30	45-24pm	1.38
Denmark	11.95¼-12.02¼	11.95¾-11.96¾	par-1⅞oredis	-0.94	1¼-3¼dis	-0.75
Ireland	1.1675-1.1750	1.1675-1.1685	0.13-0.18pdis	-1.59	0.35-0.45dis	-1.37
W. Germany	3.12-3.14¼	3.12½-3.13½	1⅛-⅞pfpm	4.56	4-3⅝pm	4.72
Portugal	252.50-257.00	252.50-253.50	66-115cdis	-4.29	200-310dis	-4.03
Spain	206.35-207.85	206.55-206.85	20-40cdis	-1.74	75-110dis	-1.79
Italy	2312½-2329¼	2318-2319	1-6liredis	-1.81	10-18dis	-2.42
Norway	11.63¼-11.70	11.63¾-11.64¾	4⅞-6⅛oredis	-5.73	15⅞-17½dis	-5.73
France	10.58-10.65	10.59-10.60	⅝pm-⅝cdis	-0.04	¼-1¼dis	-0.28
Sweden	10.99½-11.06¼	10.99½-11.00½	1-2oredis	-1.64	3¼-4½dis	-1.39
Japan	234-238	234-235	1¼-⅞ypm	4.16	2⅝-2½pm	4.26
Austria	21.95-22.04	21.93-21.96	8¼-7⅛gropm	4.34	24⅛-21⅝pm	4.25
Switzerland	2.58¼-2.59¼	2.58¼-2.59¼	1⅝-1cpm	6.09	4¼-3⅝pm	6.09

Belgian rate is convertible francs. Financial franc 65.70-65.80. Six-month forward dollar 1.10-1.05cpm 12 month 2.10-2.00cpm

DOLLAR SPOT- FORWARD AGAINST THE DOLLAR

April 11	Day's spread	Close	One month	% p.a.	Three months	% p.a.
UK†	1.8505-1.8745	1.8535-1.8545	0.17-0.14cpm	1.00	0.55-0.50pm	1.13
Ireland†	1.5845-1.5935	1.5865-1.5875	0.13-0.19cdis	-1.21	0.25-0.40dis	-0.82
Canada	1.2375-1.2465	1.2395-1.2405	0.16-0.19cdis	-1.69	0.51-0.54dis	-1.69
Netherlands	1.8805-1.8930	1.8920-1.8930	0.47-0.45cpm	2.95	1.41-1.37pm	2.94
Belgium	35.05-35.35	35.20-35.30	4.50-2.50cpm	1.19	11.00-6.50pm	0.99
Denmark	6.41½-6.46¼	6.45-6.45½	0.70-1.30oredis	-1.86	2.70-3.30dis	-1.86
W. Germany	1.6740-1.6885	1.6860-1.6870	0.52-0.49pfpm	3.60	1.54-1.49pm	3.60
Portugal	137½-138	137½-137¾	40-90cdis	-5.67	140-215dis	-5.17
Spain	110.85-111.65	111.55-111.65	20-30cdis	-2.69	77-87dis	-2.94
Italy	1243-1252¼	1250¼-1250¾	2.30-3.50liredis	-2.88	10.00-12.00dis	-3.52
Norway	6.24¾-6.29¼	6.27¾-6.28¼	3.30-3.65oredis	-6.64	10.50-10.90dis	-6.82
France	5.68-5.72	5.71¼-5.71¾	0.35-0.55cdis	-0.95	1.65-1.85dis	-1.23
Sweden	5.90¼-5.94¼	5.93-5.93½	1.20-1.40oredis	-2.63	3.55-3.85dis	-2.49
Japan	125.65-126.95	126.50-126.60	0.35-0.30ypm	3.08	0.97-0.92pm	2.98
Austria	11.77-11.86	11.85½-11.86	3.50-2.50gropm	3.04	9.50-7.50pm	2.88
Switzerland	1.3835-1.3965	1.3955-1.3965	0.62-0.57cpm	3.12	1.78-1.73pm	5.04

† UK and Ireland are quoted in US currency. Forward premiums and discounts apply to the US dollar and not to the individual currency. Belgian rate is for convertible francs. Financial franc 35.20-35.30.

EURO-CURRENCY INTEREST RATES

Apr.11	Short term	7 Days notice	One Month	Three Months	Six Months	One Year
Sterling	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
US Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Can. Dollar	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Guilder	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sw. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Deutschmark	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fr. Franc	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Italian Lire	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Fin)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
B. Fr. (Con.)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Yen	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
D. Krone	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Asian $Sing	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Long term Eurodollars: two years [illegible] per cent; three years [illegible] per cent; four years [illegible] per cent; five years [illegible] per cent nominal. Short term rates are call for US Dollars and Japanese Yen; others, two days' notice.

EXCHANGE CROSS RATES

Apr.11	£	$	DM	Yen	F Fr.	S Fr.	H Fl.	Lira	C $	B Fr.
£	1	1.854	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	65.35
$	[illegible]	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	35.25
DM	[illegible]	[illegible]	1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	20.89
YEN	[illegible]	[illegible]	[illegible]	1000.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	278.7
F Fr.	[illegible]	[illegible]	[illegible]	[illegible]	10.	[illegible]	[illegible]	[illegible]	[illegible]	61.65
S Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	[illegible]	25.25
H Fl.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	[illegible]	[illegible]	18.63
Lira	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1000.	[illegible]	28.18
C $	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	1.	28.46
B Fr.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	100.

Yen per 1,000: French Fr. per 10: Lira per 1,000: Belgian Fr. per 100.

FINANCIAL FUTURES

Long gilt prices weaken

PRICES OF sterling based interest rate contracts weakened on Liffe yesterday. Friday's cut in UK bank base rates provided underlying support, but the failure of sterling to push up towards DM3.15 led to a weakening of long term gilts and short sterling deposit futures towards the Liffe close.

Early reaction to last week's move by the Bank of England to cut base rates was that it was insufficient to prevent the pound rising, but the currency lost 1 pfennig to the D-Mark yesterday.

June delivery long gilts opened at 122-27, and rose slightly to a peak of 123-00, before touching 122-09, and closing at 122-10, compared with 122-19 on Friday.

Barclays de Zoete Wedd Futures, in its weekly technical comment, suggested the long gilt contract remains in a period of consolidation, with the upward level located at 123-27, and downside support initially at 121-25, while the key level is around 121-01.

BZW suggests it will take a large increase in volume to break out from this trading range. Volume yesterday was 22,453, compared with 27,609 on Friday.

Three-month sterling futures were also depressed by the failure of the pound to maintain its recent firm trend. This set back hopes of another early cut in bank base rates.

June sterling deposits opened at 91.62, and closed near the bottom of the day's range, at 91.55, against 91.57 previously.

Figures on UK producer prices for March were within the range of expectations and had no impact. March output prices rose 0.5 p.c., against forecasts of around 0.4 p.c., while input costs fell 0.7 p.c., compared with estimates of a 1 p.c. drop.

LIFFE LONG GILT FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
116	625	—	5	—
118	433	—	13	—
120	254	—	34	—
122	133	—	113	—
124	45	—	225	—
126	18	—	362	—
128	7	—	551	—

Estimated volume total, Calls 3111 Puts 1297
Previous day's open int. Calls 36009 Puts 25469

LIFFE US TREASURY BOND FUTURES OPTIONS

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
84	649	632	7	54
86	462	503	20	125
88	319	350	41	208
90	154	240	112	262
92	57	151	215	409
94	25	112	347	534
96	11	48	533	706

Estimated volume total, Calls 18 Puts 76
Previous day's open int. Calls 2500 Puts 935

LIFFE FT-SE INDEX FUTURES OPTIONS

Strike Price	Calls-settlements Apr	Calls-settlements MAY	Puts-settlements Apr	Puts-settlements MAY
17000	1306	1407	11	112
17500	849	1021	54	226
18000	471	699	176	404
18500	213	450	418	655
19000	76	271	781	976
19500	21	153	1226	1358
20000	5	80	1710	1785

Estimated volume total, Calls 0 Puts 30
Previous day's open int. Calls 35 Puts 79

LIFFE £/$ OPTIONS
£25,000 (cents per £1)

Strike Price	Calls-settlements Apr	Calls-settlements MAY	Puts-settlements Apr	Puts-settlements MAY
170	1565	1565	0	1
175	1065	1065	0	11
180	565	611	2	65
185	141	275	79	229
190	6	90	444	544
195	0	20	938	974
200	—	—	—	—

Estimated volume total, Calls 20 Puts 0
Previous day's open int. Calls 233 Puts 233

LIFFE EURODOLLAR OPTIONS
$1m points of 100%

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9175	87	79	3	20
9200	64	62	5	28
9225	43	46	9	37
9250	27	33	10	49
9275	15	23	31	64
9300	7	15	48	81
9325	3	9	69	100

Estimated volume total, Calls 60 Puts 0
Previous day's open int. Calls 2874 Puts 2501

LIFFE SHORT STERLING

Strike Price	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Jun	Puts-settlements Sep
9050	106	80	1	11
9075	82	61	2	17
9100	59	43	4	24
9125	39	29	9	35
9150	22	19	17	50
9175	10	11	30	67
9200	5	6	50	87

Estimated volume total, Calls 625 Puts 303
Previous day's open int. Calls 2980 Puts 2141

PHILADELPHIA SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls Apr	Calls May	Calls Jun	Calls Sep	Puts Apr	Puts May	Puts Jun	Puts Sep
1.750	10.05	10.05	10.30	11.30	-	0.20	0.55	2.00
1.775	7.50	7.75	8.15	9.50	0.05	0.40	0.95	2.70
1.800	5.05	5.65	6.25	7.90	0.10	0.70	1.50	3.55
1.825	2.80	3.80	4.55	6.40	0.35	1.40	2.30	4.55
1.850	1.05	2.35	3.20	5.15	0.65	2.40	3.40	5.75
1.875	0.30	1.35	2.15	4.10	2.60	3.80	4.80	7.15
1.900	0.10	0.75	1.50	3.25	4.75	5.65	6.50	0.70

Previous day's open int: Calls 431,587 Puts 433,262
Previous day's volume: Calls 14,229 Puts 6,425

LONDON SE £/$ OPTIONS
£12,500 (cents per £1)

Strike Price	Calls-settlements Apr	Calls-settlements May	Calls-settlements Jun	Calls-settlements Sep	Puts-settlements Apr	Puts-settlements May	Puts-settlements Jun	Puts-settlements Sep
1.60	-	-	23.80	24.20	-	-	0.50	1.20
1.65	-	-	10.65	19.05	-	-	1.30	1.80
1.70	15.60	15.60	15.70	16.40	0.30	0.90	0.35	0.90
1.75	10.60	10.60	10.80	11.50	0.30	0.30	0.55	1.85
1.80	5.60	6.10	6.70	8.25	0.30	1.00	1.65	3.75
1.85	1.35	2.80	3.70	5.40	1.00	2.55	3.60	5.95
1.90	0.30	1.10	1.85	3.60	4.85	5.75	6.60	8.85

Estimated volume total, Calls N/A Puts N/A
Previous day's open int: Calls 713 Puts 745

LONDON (LIFFE)

20-YEAR 12% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Jun	122-10	123-00	122-09	122-19
Sep	98-00			98-07

Estimated Volume 22453(22772)
Previous day's open int. 25621(25705)

7-10 YEAR 9% NOTIONAL GILT
£50,000 32nds of 100%

	Close	High	Low	Prev.
Jun	98-03	98-13	98-03	97-31
Sep				

Estimated Volume 180(47)
Previous day's open int. 794(819)

6% NOTIONAL LONG TERM JAPANESE GOVT. BOND Y100m 100ths of 100%

	Close	High	Low	Prev.
Jun	108.59	108.70	108.51	108.94
Sep	107.86			108.25

Estimated Volume 508(365)
Previous day's open int. 340(294)

THREE MONTH STERLING
£500,000 points of 100%

	Close	High	Low	Prev.
Jun	91.55	91.69	91.54	91.57
Sep	91.19	91.32	91.18	91.24
Dec	90.94	91.10	90.94	91.04
Mar	90.81	90.94	90.74	90.86

Est. Vol. (inc. figs. not shown) 9782(12117)
Previous day's open int. 30179(30466)

FT-SE 100 INDEX
£25 per full index point

	Close	High	Low	Prev.
Jun	182.95	183.30	181.20	179.90
Sep	184.45			81.40
Dec				

Estimated Volume 1436(1031)
Previous day's open int. 8803(8700)

THREE MONTH EURODOLLAR
$1m points of 100%

	Close	High	Low	Prev.
Jun	92.59	92.63	92.59	92.55
Sep	92.34	92.38	92.33	92.29
Dec	92.09	92.13	92.08	92.04
Mar	91.85	91.90	91.85	91.81

Est. Vol. (inc. figs. not shown) 6089(3472)
Previous day's open int. 27938(27729)

US TREASURY BONDS 8%
$100,000 32nds of 100%

	Close	High	Low	Prev.
Jun	90-21	91-04	90-20	90-19
Sep	89-21			89-19
Dec				

Estimated Volume 6893(4508)
Previous day's open int. 6678(6615)

CURRENCY FUTURES

LIFFE-STERLING £25,000 $ per £

	Close	High	Low	Prev.
Jun	1.8530			1.8700
Sep	1.8471			1.8640
Dec	1.8418			1.8590

Estimated Volume 0(4)
Previous day's open int. 216(212)

POUND-$ (FOREIGN EXCHANGE)

Spot	1-mth.	3-mth.	6-mth.	12-mth.
1.8540	1.8525	1.8488	1.8433	1.8335

IMM-STERLING $s per £

	Latest	High	Low	Prev.
Jun	1.8485	1.8535	1.8475	1.8730
Sep	1.8430	1.8480	1.8400	1.8680
Dec	1.8370	-	1.8370	1.8630

CHICAGO

U.S. TREASURY BONDS (CBT) 8%
$100,000 32nds of 100%

	Latest	High	Low	Prev.
Jun	90-27	91-04	90-24	91-00
Sep	89-26	90-04	89-25	90-00
Dec	88-29	89-05	88-28	89-02
Mar	88-00	88-08	88-00	88-07
Jun	87-08	87-15	87-08	87-14
Sep	-	-	-	86-24
Dec	-	-	-	86-04
Mar	-	-	-	85-17
Jun	-	-	-	84-31
Sep	-	-	-	84-04

U.S. TREASURY BILLS (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Jun	93.97	94.00	93.96	93.98
Sep	93.72	93.73	93.72	93.72
Dec	93.48	93.48	-	93.47
Mar	93.27	93.29	93.27	93.24
Jun	93.09	93.10	93.09	93.06
Sep	92.92	92.92	92.92	92.88
Dec	-	-	-	92.68

SWISS FRANC (IMM)
SFr 125,000 $ per SFr

	Latest	High	Low	Prev.
Jun	0.7232	0.7242	0.7225	0.7292
Sep	0.7324	0.7336	0.7318	0.7387
Dec	0.7425	0.7430	0.7420	0.7487
Mar	-	-	-	0.7587

JAPANESE YEN (IMM)
Y12.5m $ per Y100

	Latest	High	Low	Prev.
Jun	0.7935	0.7942	0.7922	0.8001
Sep	0.7997	0.8004	0.7985	0.8065
Dec	0.8060	0.8060	0.8045	0.8129
Mar	0.8115	0.8115	0.8115	0.8193

DEUTSCHE MARK (IMM)
DM125,000 $ per DM

	Latest	High	Low	Prev.
Jun	0.5968	0.5976	0.5963	0.6010
Sep	0.6029	0.6034	0.6021	0.6070
Dec	0.6084	0.6092	0.6084	0.6130
Mar	-	-	-	0.6192

THREE-MONTH EURODOLLAR (IMM)
$1m points of 100%

	Latest	High	Low	Prev.
Jun	92.60	92.62	92.59	92.60
Sep	92.35	92.37	92.34	92.34
Dec	92.09	92.12	92.09	92.09
Mar	91.86	91.89	91.86	91.86
Jun	91.66	91.67	91.65	91.65
Sep	91.48	91.49	91.47	91.47
Dec	91.31	91.33	91.31	91.31
Mar	91.18	91.19	91.18	91.17

STANDARD & POORS 500 INDEX
$500 times index

	Latest	High	Low	Prev.
Jun	270.50	271.40	270.35	269.90
Sep	272.55	273.20	272.30	271.90
Dec	274.20	274.70	273.85	273.50
Mar	276.30	276.30		275.40

MONEY MARKETS

London rates ease

INTEREST RATES tended to decline on the London money market yesterday, but traders looked nervously at the weakening of sterling.

The outlook for the pound appeared to be rather uncertain, as profit taking and doubts about oil prices, pushed the currency lower.

Three-month interbank eased to 8¼-8⅛ p.c. from 8⅜-8¼ p.c., with dealers waiting to see whether the pound moved up again, after yesterday's decline.

UK clearing bank base lending rate 8 per cent from April 11

The Bank of England initially forecast a money market shortage of £550m, but revised this to £600m at noon, and to £650m in the afternoon. Total help of £616m was provided.

Before lunch the authorities bought £19m bills outright, by way of £2m bank bills in band 1 at 7⅞ p.c., and £17m bank bills in band 2 at 7⅞ p.c.

In the afternoon the Bank of England purchased another £362m bills outright, through £319m bank bills in band 1 at 7⅞ p.c., and £43m bank bills in band 2 at 7⅞ p.c.

Late assistance of £235m was also provided.

Bills maturing in official hands, repayment of late assistance, and a take-up of Treasury bills drained £376m, with the unwinding of repurchase agreements on bills absorbing £280m, and bank balances below target £90m. These outweighed exchequer transactions adding £280m to liquidity, and a fall in the note circulation of £430m.

In Paris the Bank of France left its money market intervention rate at 7½ p.c. at yesterday's securities repurchase tender, when injecting money market liquidity against first category paper.

The central bank allocated FFr24.7bn, in a pact running until April 29, compared with FFr35.3bn leaving the market, as an earlier agreement expires today.

Call money in Paris fell to 7¼ p.c. from 7⅜ p.c. ahead of the tender, as fears subsided of a rise in the Bank of France's intervention rate. Interest rates tended to rise last week, on nervousness ahead of the presidential elections later this month, and on suggestions that commercial bank reserves with the Bank of France remain run down after a banking strike last December.

In Frankfurt call money was unchanged at 3.25 p.c.

FT LONDON INTERBANK FIXING

(11.00 a.m. April 11) 3 months US dollars		6 months US Dollars	
bid 7	offer 7⅛	bid 7⅛	offer 7¼

The fixing rates are the arithmetic means, rounded to the nearest one-sixteenth, of the bid and offered rates for $10m quoted by the market to five reference banks at 11 a.m. each working day. The banks are National Westminster Bank, Bank of Tokyo, Deutsche Bank, Banque Nationale de Paris and Morgan Guaranty Trust.

MONEY RATES

NEW YORK (Lunchtime)

		Treasury Bills and Bonds	
Prime rate	[illegible]	One month	[illegible]
Broker loan rate	[illegible]	Two month	[illegible]
Fed funds	[illegible]	Three month	[illegible]
Fed. funds at intervention	[illegible]	Six month	[illegible]
		One year	[illegible]
		Two year	[illegible]
		Three year	[illegible]
		Four year	[illegible]
		Five year	[illegible]
		Seven year	[illegible]
		10 year	[illegible]
		30 year	[illegible]

April 11	Overnight	One Month	Two Months	Three Months	Six Months	Lombard Intervention
Frankfurt	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Paris	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Zurich	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Amsterdam	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Tokyo	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Milan	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Brussels	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dublin	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

LONDON MONEY RATES

Apr.11	Overnight	7 days notice	One Month	Three Months	Six Months	One Year
Interbank Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Interbank Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Sterling CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Deps.	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Local Authority Bonds	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Discount Mkt Deps	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Company Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Finance House Deposits	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Treasury Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Bank Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Fine Trade Bills (Buy)	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
Dollar CDs	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
SDR Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Offer	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
ECU Linked Dep Bid	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Treasury Bills (sell): one-month [illegible] per cent; three months [illegible] per cent. Bank Bills (sell): one-month [illegible] per cent; three months [illegible] per cent. [illegible]

LONDON RECENT ISSUES

Series		May 88 Vol	May 88 Last	Aug. 88 Vol	Aug. 88 Last	Nov. 88 Vol	Nov. 88 Last	Stock
GOLD C	$500	10	0.70	3	5.80	45	11	$449
GOLD P	$440	70	5 A	–	–	–	–	$449
GOLD P	$460	15	13	50	19	–	–	$449
GOLD P	$500	–	–	–	–	50	52	$449
		Jun. 88		Sep. 88		Dec. 88		
SILVER C	$800	–	–	100	12	–	–	$641
		Apr. 88		May 88		Jun. 88		
EOE Index C	Fl. 185	100	29	–	–	–	–	Fl. 213.66
EOE Index C	Fl. 195	100	19	56	18.50	–	–	Fl. 213.66
EOE Index C	Fl. 200	129	13.50	72	14.50 A	7	16.50	Fl. 213.66
EOE Index C	Fl. 205	51	9.10	37	11	–	–	Fl. 213.66
EOE Index C	Fl. 210	386	5	56	8.30 A	19	10.80	Fl. 213.66
EOE Index C	Fl. 215	123	2.50	358	6.50	–	–	Fl. 213.66
EOE Index C	Fl. 220	41	0.90	35	4	2	6.50	Fl. 213.66
EOE Index P	Fl. 195	205	0.20	48	3.40 B	7	5	Fl. 213.66
EOE Index P	Fl. 200	27	0.50	149	4.50	32	7	Fl. 213.66
EOE Index P	Fl. 205	74	0.90 B	43	6.80	12	9	Fl. 213.66
EOE Index P	Fl. 210	269	1.90	24	9	32	11.50	Fl. 213.66
EOE Index P	Fl. 215	18	4	43	11.80	61	14.50	Fl. 213.66
S/FI C	Fl. 185	232	4.60	5	4.70 B	–	–	Fl. 189.30
S/FI C	Fl. 190	68	0.75	16	2.10	17	2.60	Fl. 189.30
S/FI P	Fl. 180	–	–	200	0.30	43	1	Fl. 189.30
S/FI P	Fl. 185	40	0.20	16	1.60	6	2.50	Fl. 189.30
S/FI P	Fl. 190	140	1.80	1003	3.80	–	–	Fl. 189.30
		Apr. 88		Jul. 88		Oct. 88		
ABN C	Fl. 40	894	0.90	254	2.10 B	37	3	Fl. 40.70
ABN P	Fl. 40	49	0.30	48	2.40 A	26	3.40	Fl. 40.70
AEGON C	Fl. 75	71	1.70	49	3.80	1	5.50	Fl. 75.90
AEGON P	Fl. 75	–	–	87	4.40	–	–	Fl. 75.90
AHOLD C	Fl. 75	298	0.40	16	2.60	–	–	Fl. 72.70
AHOLD P	Fl. 70	69	0.30	109	3	–	–	Fl. 72.70
AKZO C	Fl. 110	1717	1.80	546	5.80	83	9	Fl. 109.50
AKZO P	Fl. 100	51	0.20	172	4.50	18	6.80	Fl. 109.50
AMEV C	Fl. 50	67	3.20	100	5.30	13	6.60	Fl. 53.50
AMEV P	Fl. 55	266	1.90	19	5.60	–	–	Fl. 53.50
AMRO C	Fl. 70	349	0.20	56	2.20 A	41	2.80 A	Fl. 68.50
AMRO P	Fl. 65	–	–	181	2.70 A	–	–	Fl. 68.50
BUHRMANN-T C	Fl. 45	182	1.90	33	3.90	31	4.80	Fl. 46.90
BUHRMANN-T P	Fl. 45	2	0.30 B	47	3	–	–	Fl. 46.90
ELSEVIER C	Fl. 50	396	2.50	121	4	22	5.50	Fl. 52.50
GIST-BROC. C	Fl. 35	125	0.40	184	2.30	19	3.30	Fl. 34.10
GIST-BROC. P	Fl. 35	2	1	83	3.60	–	–	Fl. 34.10
HEINEKEN C	Fl. 130	263	4.50	51	9	–	–	Fl. 134.40
HOOGOVENS C	Fl. 35	198	1.50	91	3.80	2	4.70	Fl. 36.30
HOOGOVENS P	Fl. 35	29	0.60	35	2.50	2	3.20	Fl. 36.30
KLM C	Fl. 35	881	2.10 A	244	4	193	4.30 A	Fl. 36.90
KLM P	Fl. 40	–	–	141	4.30	40	5.80	Fl. 36.90
KNP C	Fl. 127.30	24	8.50	133	11.50	10	15.40	Fl. 135.70
KNP P	Fl. 136.40	243	2.20	222	6	–	–	Fl. 135.70
KNP C	Fl. 140	–	–	248	6.10	19	8.70	Fl. 135.70
KNP P	Fl. 130	–	–	235	4.20	3	6.40	Fl. 135.70
NEDLLOYD C	Fl. 200	121	25.50	277	33	2	34	Fl. 227
NEDLLOYD P	Fl. 210	39	8.90	13	11	–	–	Fl. 227
NAT.NED. C	Fl. 60	582	1.70	221	3.50	40	4.50	Fl. 61
PHILIPS C	Fl. 30	689	0.40	207	1.60	80	2.40	Fl. 29.80
PHILIPS P	Fl. 30	297	1.80	182	2.80	114	3.40	Fl. 29.80
ROYAL DUTCH C	Fl. 230	2777	4.10	1200	7.80	143	9.20	Fl. 232.80
ROYAL DUTCH P	Fl. 230	1045	1.70	135	12.10	49	18.50	Fl. 232.80
ROBECO C	Fl. 90	36	3.30	–	–	–	–	Fl. 93
UNILEVER C	Fl. 120	1343	0.40	214	4	34	6.70	Fl. 115.60
UNILEVER P	Fl. 130	22	14.50	400	18	5	20	Fl. 115.60

TOTAL VOLUME IN CONTRACTS : 46,882

A=Ask B=Bid C=Call P=Put

BASE LENDING RATES

	%		%		%
ABN Bank	8½	Citibank NA	8	Nat. Bk. of Kuwait	8
Adam & Company	8½	City Merchants Bank	8	NatWestminster	8
AAB - Allied Arab Bk	8½	Clydesdale Bank	8	Northern Bank Ltd	8½
Allied Irish Bank	8½	Comm. Bk. N. East	8	Norwich Gen. Trust	8
Henry Ansbacher	8½	Consolidated Cred	8½	PK Finans. Intl(UK)	9
ANZ Banking Group	8½	Co-operative Bank	*8	Provincial Bank PLC	9½
Associates Cap Corp	10	Cyprus Popular Bk	8½	R. Raphael & Sons	8½
Authority Bank	8	Dunbar Bank PLC	8	Roxburghe G'rantee	10
B & C Merchant Bank	8	Duncan Lawrie	8	Royal Bk of Scotland	8
Banco de Bilbao	8	Equatorial Bank plc	8½	Royal Trust Bank	8½
Bank Hapoalim	8	Exeter Trust Ltd	8½	Smith & Williams Secs.	8
Bank Leumi (UK)	8	Financial & Gen. Sec	8	Standard Chartered	8
Bank Credit & Comm	8½	First Nat. Sec. Ltd.	9½	TSB	8½
Bank of Cyprus	8½	● Robert Fleming & Co.	8½	UDT Mortgage Exp	§9⅞
Bank of Ireland	8½	Robert Fraser & Ptns.	9	United Bk of Kuwait	8
Bank of India	8½	Girobank	8	United Mizrahi Bank	8
Bank of Scotland	8	Grindlays Bank	8½	Unity Trust Bank Plc	8
Banque Belge Ltd	8	● Guinness Mahon	8	Western Trust	8½
Barclays Bank	8	HFC Bank PLC	8	Westpac Bank Corp.	8
Benchmark Bank PLC	8½	● Hambros Bank	8	Whiteaway Laidlaw	8½
Berliner Bank AG	8	Heritable & Gen Inv Bk	8	Yorkshire Bank	8
Brit. Bk of Mid East	8	● Hill Samuel	§8		
● Brown Shipley	8	C. Hoare & Co.	8½		
Business Mtge Tst.	9	Hongkong & Shangh	8		
CL Bank Nederland	8	Lloyds Bank	8½		
Central Capital	8	Meghraj Bank Ltd	8		
● Charterhouse Bank	8	Midland Bank	8		
		Mount Bnkg Corp.	8½		

● Members of the Accepting Houses Committee. * 7 day deposits 3.50% Sunwise 6.16%. Top Tier-£2,500+ at 3 months' notice 7.83%. At call when £10,000+ remains deposited. § Mortgage base rate. § Demand deposit 3.50%. Mortgage 9.625% - 10%

FT CROSSWORD No.6,603
SET BY DANTE

ACROSS

1 Well-directed children (4,3,4)
7 Massaging the middle may prevent it! (3)
9 Possibly the result of rainfall on the cricket field (5)
10 He struggles with valiant sea monster (9)
11 Farcical alternatives for the unspoilt child? (9)
12 Spirited Dutch painter? (5)
13 A beautiful woman describes eastern ways (7)
15 Kitty's back to stay (4)
18 Where various barmen work (4)
20 He increases the strain (7)
23 One guide or a good many (5)
24 Indefinite truce in an engagement (9)
26 Presumably he looks forward to getting on the board (4-5)
27 All that is required for a girl's name (5)
28 Do one's hair for a party (3)
29 Ably matched, perhaps, in ambitious Shakesperian role (4,7)

DOWN

1 Broken oval jugs of foreign derivation (8)
2 A clergyman may be arrested (8)
3 In the bay wrecked ship sunk deep (5)
4 Hangs around with a number of friends (7)
5 Raises cultivated vines, OK? (7)
6 Detestable hotel, so am changing (9)
7 Train for Rugby, for example (6)
8 He was partly known for his fasting and his leadership (6)
14 It's not expected to be affected (9)
16 Building Elsie and Ida regard as perfect (8)
17 Animal food in the barn? (4-4)
19 Relieved by the bosses? (7)
20 Two male animals bound for cover (7)
21 Fits and starts (6)
22 Wine produced by Irish county town's capital (6)
25 Some vestige of sanctity? (5)

Solution to Puzzle No.6,602

PRESSGANG BOAST / UPPER MILESTONE / PREEMINENT HAHA / THINAIR TOLLBAR / THERETO PICKLES / ABUT STANDSTILL / EXCEPTION ELOPE / EVENT HEELPIECE

FT UNIT TRUST INFORMATION SERVICE

AUTHORISED UNIT TRUSTS

FT UNIT TRUST INFORMATION SERVICE

Scottish Equitable Fund Mgrs. Ltd(z)
28 St Andrews Sq, Edinburgh 031-556 1051

Inital Income Units	125.4	139.3xd	—	3.56
Inital Accum Units	192.5	204.2xd	—	3.56
UK General Acc	38.2	40.7	+0.8	3.38
UK General Inc	36.8	39.2	+0.8	3.38
American	27.6	29.4	+0.5	2.25
European	34.5	36.8	+0.2	1.76
Japan	59.2	63.1	+0.4	0.03
Technology	55.1	57.4xd	+0.5	2.29
Performance Trusts				
Far East Perf Tst	19.4	20.7	+0.5	2.80
High Inc Perf Tst Inc	23.8	25.4	+0.4	5.36
High Inc Perf Tst Acc	24.4	26.0	+0.5	5.36
Worldwide Tact Perf Tst	28.1	30.0xd	+0.4	2.72

Scottish Life Investments(z)
19 St Andrew Sq, Edinburgh 031-225 2211

Nelson (UK)	210.5	225.5	+4.0	2.60
Columbus (US)	130.8	139.9	+2.5	1.26
Marco Polo (Pac)	222.1	237.6	+2.3	0.16
Da Vinci (Eur)	221.5	236.9	+0.7	1.49
Drake (Wld)	53.1	56.8	+0.5	2.17

Scottish Mutual Investment Managers Ltd
109 St Vincent St, Glasgow G2 5HB 041-248 6100

UK Equity	204.0	217.1	+4.2	2.53
UK Smllr. Cos. Equity	207.0	220.3	+3.0	1.90
UK Special Situations	61.5	65.3	+0.9	2.78
Income Plus	52.7	56.1	+0.4	5.44
European	160.5	170.6	+1.2	1.99
Far Eastern	53.9	57.9	+1.0	1.78
Japanese†	57.0	60.7	+0.1	—
North American	112.0	119.2	+2.1	1.48
International Growth	109.5	116.5	+1.1	0.92
Worldwide Venture	52.7	56.1	+0.7	3.21

Scottish Provident Inv. Mgt. Ltd
6 St Andrew Sq, Edinburgh 2 031-556 2341/2/3

Equity Growth Tst Acc	17.68	18.92	+0.22	3.15
Equity Growth Tst Inc	17.58	18.73	+0.22	3.15
Intl Growth Tst Acc	17.65	18.80	+0.30	1.67
Intl Growth Tst Inc	17.55	18.78	+0.30	1.67
Global Income Tst Acc	18.80	20.12	+0.10	5.43
Global Income Tst Inc	18.80	20.12	+0.10	5.43
Market Leaders Tst Acc	16.52	17.68	+0.24	3.29
Market Leaders Tst Inc	16.29	17.44	+0.24	3.29

Scottish Unit Managers
48 Melville Street, Edinburgh EH3 7HF

UK Unit Trust Managers Ltd
Worthing Road, Horsham, RH12 1SL 0403 40033

British Growth Fd	58.2	62.0	+0.1	1.72
Technical Analysis Fd	49.9	53.1	+0.5	3.42

Unit Trust Account & Mgmt. Ltd
28 Copthall Ave, London, EC2R 7PA 01-588 6064
Advisers: Henderson Crosthwaite Ltd

Friars Hse Cap Fd	174.7	185.8	—	1.44
Friars Hse Inc Fd	150.0	154.7	—	5.46

United Charities Unit Trusts (a)(c)(g)
Unicorn Hse, 252 Romford Rd, E7 01-534 5544

United Charities	164.8	175.0xd	+2.6	4.34

Vanguard Trust Managers Ltd (z)
65 Holborn Viaduct, London EC1A 2EU 01-236 3053
Dealing Line: 01-236 2468

Glenfriars	187.2	194.0xd	—	1.49
(Accum Units)	187.2	199.2	—	1.49
Far East & Gen	56.1	59.7	+0.1	—
(Accum Units)	56.1	59.7	+0.1	—
Master Portfolio	66.667	68.377	+0.812	3.09
(Accum Units)	68.514	70.271	+0.834	3.09
American & Gen	54.9	58.4xd	+0.6	1.77
(Accum Units)	56.4	60.0	+0.1	1.77
Growth	209.6	223.0xd	+1.6	2.53
(Accum Units)	316.1	336.3	+2.4	2.53
High Yield	264.3	281.2	+1.7	4.55
(Accum Units)	283.6	301.7	+1.8	4.55
Special Sits	51.7	55.0	+0.5	2.25
(Accum Units)	53.4	56.8	+0.6	2.25
Trustee	154.9	[illegible]	+0.9	4.24
(Accum Units)	251.5	267.6	+1.4	4.24
European Fund Inc	36.2	38.5	—	0.69
(Accum Units)	36.4	38.7	+0.1	0.69

Wardley Unit Trust Managers Ltd (a)
99, Bishopsgate, London, EC2P 2LA 01-374 0861

American Tst	51.7	55.2	+0.9	1.4
Intl. Growth Tst	46.0	49.8	+0.7	0.4
Income Tst	112.3	120.2xd	+1.0	5.4
Japan Growth Tst	181.3	194.0	+0.4	0.1
Pacific Perf. Tst	117.5	124.4	+0.7	0.4
Small Cos. Tst	137.6	147.1xd	+1.5	1.6
7 Clubs Tst	32.3	34.5	+0.6	0.1
Australia Trust	48.9	52.4	+2.3	1.3
UK Trust	161.0	170.4	+2.5	2.7
European Growth Tst	41.0	43.9	+0.1	0.1
Hong Kong Tst	26.5	28.1xd	+0.3	1.3

INSURANCES

Continued on next page

FT UNIT TRUST INFORMATION SERVICE

Phoenix Assurance Co Ltd
Phoenix House, Redcliff Hill, Bristol 0272 294941
Life Assurance Funds

Wealth Assec.	374.4	394.2	—	–
Eb'r Ph. Ea.	341.0	362.5	—	–
Pension Plan Funds				
Phoenix				
UK Equity Acc.	165.3	174.0	+2.2	–
International Acc.	128.1	134.8	+1.5	–
Property Acc.	127.7	134.4	—	–
Fixed Interest Acc.	157.5	165.7	+0.4	–
Money Acc.	138.1	145.3	—	–
Bldg. Soc. Link Acc.	135.1	142.2	—	–
Special Mngd. Acc.	147.6	155.3	+1.5	–
Phoenix/Framlington				
Intnl. Growth Acc.	87.1	91.6	—	–
Amer. & Gen. Acc.	82.0	86.3	+0.2	–
Capital Tst. Acc.	166.6	175.3	-0.1	–
Japan & Gen Acc.	185.7	195.4	+0.8	–
American Turn. Acc.	84.5	88.9	+0.5	–
Recovery Tst. Acc.	167.1	175.8	+0.9	–
Special Mngd Acc.	140.6	148.0	-0.3	–
Phoenix/GT				
International Acc.	120.2	126.5	+0.4	–
US & General Acc.	87.4	91.9	+0.3	–
Amer Spec Sits Acc.	64.7	68.1	+0.6	–
Japan & General Acc.	181.2	190.7	-1.3	–
Far East & Gen. Acc.	141.7	149.1	-0.9	–
UK Capital Acc.	167.5	176.3	+0.6	–
European Acc.	129.9	136.7	+1.4	–
Special Mngd. Acc.	123.7	130.2	+0.5	–

Pioneer Mutual Insurance Co Ltd
16 Crosby Rd, N. Waterloo, Liverpool 051-928 6655

Managed Fund	256.5	270.1	—	–
Man Pens Inc & Cap Fds.	324.0	341.1	—	–
Money Fund	111.9	117.0	—	–
Pens Mngd Fd (Init)	80.0	84.5	—	–
Pens Mngd Fd (Acc)	90.5	95.3	—	–
Pens FT30 Fd (Init)	122.4	128.9	—	–

MANAGEMENT SERVICES

OFFSHORE AND OVERSEAS

FT UNIT TRUST INFORMATION SERVICE

LONDON SHARE SERVICE

BRITISH FUNDS

"Shorts" (Lives up to Five Years)

1988 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	Exch 10½pc '88	[illegible]	.....	[illegible]	8.11
[illegible]	[illegible]	Treas 9¾pc Cv '88	[illegible]	[illegible]	[illegible]	7.95
[illegible]	[illegible]	Transport 3pc '78-88	[illegible]	[illegible]	[illegible]	6.15
[illegible]	[illegible]	Treas. 9½pc '88	[illegible]	[illegible]	[illegible]	8.23
[illegible]	[illegible]	Treas 11½pc 1989	[illegible]	[illegible]	[illegible]	8.38
[illegible]	[illegible]	Treas 9½pc Cnv 1989	[illegible]	[illegible]	[illegible]	8.49
[illegible]	[illegible]	Treas 3pc 1989	[illegible]	[illegible]	[illegible]	6.44
[illegible]	[illegible]	Treas 10½pc 1989	[illegible]	[illegible]	[illegible]	8.55
[illegible]	[illegible]	Exch 10pc 1989	[illegible]	[illegible]	[illegible]	8.54
[illegible]	[illegible]	Exch 11pc 1989	[illegible]	[illegible]	[illegible]	8.53
[illegible]	[illegible]	Treas 5pc 1986-89	[illegible]	[illegible]	[illegible]	7.11
[illegible]	[illegible]	Exch 10¼pcCv '89	[illegible]	[illegible]	[illegible]	7.34
[illegible]	[illegible]	Treas 13pc 1990‡‡	[illegible]	[illegible]	[illegible]	8.46
[illegible]	[illegible]	Exch 11pc 1990‡‡	[illegible]	[illegible]	10.57	8.55
[illegible]	[illegible]	Exch. 12½pc 1990	[illegible]	[illegible]	11.69	8.54
[illegible]	[illegible]	Treas. 3pc 1990	[illegible]	[illegible]	3.21	6.40
[illegible]	[illegible]	Treas 8¼pc 1987-90‡‡	[illegible]	.....	8.29	8.49
[illegible]	[illegible]	Treas. 8pc Cv 1990	[illegible]	.....	7.87	7.21
[illegible]	[illegible]	Treas. 10pcCv 1990	[illegible]	[illegible]	9.70	8.60
[illegible]	[illegible]	Exch 2½pc 1990	[illegible]	[illegible]	2.74	6.23
[illegible]	[illegible]	Treas 11¾pc 1991	[illegible]	[illegible]	10.93	8.60
[illegible]	[illegible]	Funding 5¾pc '87-91‡‡	[illegible]	[illegible]	6.05	7.66
[illegible]	[illegible]	Treas. 3pc 1991	[illegible]	[illegible]	3.33	6.64
[illegible]	[illegible]	Treas 10pc Cv '91 ‡‡	[illegible]	.....	9.51	8.14
[illegible]	[illegible]	Exch. 11pc 1991	[illegible]	[illegible]	10.27	8.62
[illegible]	[illegible]	Treas. 8pc 1991	[illegible]	[illegible]	[illegible]	8.60
[illegible]	[illegible]	Treas 12¾pc 1992‡‡	[illegible]	.....	[illegible]	8.69
[illegible]	[illegible]	Treas 10pc 1992	[illegible]	[illegible]	[illegible]	8.70
[illegible]	[illegible]	Treas. 8pc 1992 ‡‡	[illegible]	[illegible]	[illegible]	8.61
[illegible]	[illegible]	Treas 10½pc Cv 1992‡‡	[illegible]	[illegible]	[illegible]	8.74
[illegible]	[illegible]	Treas. 3pc 1992	[illegible]	[illegible]	[illegible]	6.88
[illegible]	[illegible]	Exch. 12¼pc '92	[illegible]	[illegible]	[illegible]	8.83
[illegible]	[illegible]	Exch 13½pc 1992	[illegible]	[illegible]	[illegible]	8.84

Five to Fifteen Years

1988 High	Low	Stock	Price £	+ or −	Yield Int.	Red.
[illegible]	[illegible]	Treas 10pc 1993‡‡	[illegible]	[illegible]	9.55	8.82
[illegible]	[illegible]	Treas 12½pc 1993‡‡	[illegible]	[illegible]	10.87	8.86
[illegible]	[illegible]	Funding 6pc 1993‡‡	[illegible]	[illegible]	6.50	7.74
[illegible]	[illegible]	Treas 13¾pc 1993‡‡	[illegible]	[illegible]	11.41	8.99
[illegible]	[illegible]	Treas 8¼pc 1994 (50pd)	[illegible]	[illegible]	8.77	9.10
[illegible]	[illegible]	Treas 14½pc 1994‡‡	[illegible]	[illegible]	11.62	8.96
[illegible]	[illegible]	Exch 13½pc 1994	[illegible]	[illegible]	11.24	9.10
[illegible]	[illegible]	Treas. 10pc Ln. 1994‡‡	[illegible]	[illegible]	8.94	8.87
[illegible]	[illegible]	Exch. 13½pc 1994	[illegible]	[illegible]	10.50	9.11
[illegible]	[illegible]	Treas 9pc 1994‡‡	[illegible]	[illegible]	9.64	9.04
[illegible]	[illegible]	Treas 12pc 1995	[illegible]	[illegible]	10.50	9.11
[illegible]	[illegible]	Exch 3pc Gas 90-95	[illegible]	.....	3.73	6.49
[illegible]	[illegible]	Exch. 10¼pc 1995	[illegible]	[illegible]	9.64	9.04
[illegible]	[illegible]	Treas 13¼pc 1995‡‡	[illegible]	[illegible]	10.68	9.14
[illegible]	[illegible]	Treas. 14pc '96	[illegible]	[illegible]	11.16	9.30
[illegible]	[illegible]	Treas. 9pc 1992-96‡‡	[illegible]	[illegible]	8.96	8.83
[illegible]	[illegible]	Treas 15¼pc 1996‡‡	[illegible]	[illegible]	11.45	9.30
[illegible]	[illegible]	Exch 13¼pc 1996‡‡	[illegible]	.....	10.79	9.20
[illegible]	[illegible]	Redemption 3pc 1986-96	[illegible]	.....	3.53	5.22
[illegible]	[illegible]	Conversion 10pc 1996	[illegible]	[illegible]	9.54	9.17
[illegible]	[illegible]	Treas 13¼pc 1997‡‡	[illegible]	[illegible]	10.73	9.26
[illegible]	[illegible]	Exch 10½pc 1997	[illegible]	[illegible]	9.75	9.20
[illegible]	[illegible]	Treas 8¾pc 1997‡‡	[illegible]	[illegible]	8.93	9.06
[illegible]	[illegible]	Tr 8¾pc Ln "C" 1997	[illegible]	[illegible]	8.93	9.06
[illegible]	[illegible]	Exch 15pc 1997	[illegible]	[illegible]	11.16	9.44
[illegible]	[illegible]	Exch. 9¾pc 1998	[illegible]	[illegible]	9.43	9.21
[illegible]	[illegible]	Treas 6¾pc 1995-98‡‡	[illegible]	[illegible]	7.77	8.73
[illegible]	[illegible]	Treas. 15½pc '98‡‡	[illegible]	[illegible]	11.10	9.44
[illegible]	[illegible]	Exch. 12pc 1998	[illegible]	[illegible]	10.21	9.34
[illegible]	[illegible]	Treas 9½pc 1999‡‡	[illegible]	[illegible]	9.25	9.09
[illegible]	[illegible]	Exch. 12¼pc 1999	[illegible]	[illegible]	10.24	9.33
[illegible]	[illegible]	Treas. 10½pc 1999	[illegible]	[illegible]	9.68	9.25
[illegible]	[illegible]	Conversion 10¼pc 1999	[illegible]	[illegible]	9.58	9.25
[illegible]	[illegible]	Treas. 8½pc Ln 2000‡‡	[illegible]	[illegible]	8.85	9.04
[illegible]	[illegible]	Conversion 9pc 2000‡‡	[illegible]	[illegible]	9.05	9.07
[illegible]	[illegible]	Treas. 13pc 2000	[illegible]	[illegible]	10.33	9.40
[illegible]	[illegible]	Treas 10pc 2001	[illegible]	[illegible]	9.43	9.18
[illegible]	[illegible]	Treas. 14pc '98-01	[illegible]	[illegible]	10.84	9.45
[illegible]	[illegible]	Conversion 9¾pc 2001	[illegible]	[illegible]	9.35	9.19
[illegible]	[illegible]	Exch. 12pc '99-02	[illegible]	[illegible]	10.21	9.36
[illegible]	[illegible]	Conversion 10pc 2002	[illegible]	[illegible]	9.39	9.17
[illegible]	[illegible]	Treas 9¾pc 2002	[illegible]	[illegible]	9.32	9.16
[illegible]	[illegible]	Exch. 9pc 2002	[illegible]	[illegible]	9.08	9.10

Over Fifteen Years

Public Board and Ind.

Financial

BRITISH FUNDS—Contd

Undated

Index-Linked

INT. BANK AND O'SEAS GOVT STERLING ISSUES

CORPORATION LOANS

COMMONWEALTH & AFRICAN LOANS

LOANS

Building Societies

FOREIGN BONDS & RAILS

AMERICANS

Continued on next page

Money Market Trust Funds

Money Market Bank Accounts

UNIT TRUST NOTES

LONDON SHARE SERVICE

AMERICANS—Contd

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
16¾	11	Staley Continental	16¾	......	[illegible]	–	2.6
32⅞	27⅞	Sun Co. Inc. $1	32¼	+⅛	[illegible]	–	5.1
28⅞	25½	TRW Inc. 62½c	[illegible]	+⅛	[illegible]	–	3.4
25¾	21¼	Tenneco $5	23¼	–⅛	[illegible]	–	7.0
26½	19⅞	Texaco $6.25	26½	......	[illegible]	–	6.2
52⅞	43¼	Time Inc. $1	46¼	+⅞	[illegible]	–	1.2
20¼	15¼	Transamerica $1	17½	+⅛	[illegible]	–	5.8
10	754p	Transworld Corp $5	992p	+67	[illegible]	–	1.1
20¼	15	TRINOVA Corp.	17¼	+¼	[illegible]	–	1.7
19	15¼	USX $1	16¼	+½	$1	–	3.9
23	17½	Utd. Technologies	22	+⅛	[illegible]	–	3.5
31½	26¼	US West	28⅞	+⅛	[illegible]	–	6.7
21¼	18¼	Waste Management $1	18¼	+⅛	[illegible]	–	1.1
16⅞	12⅞	Whirlpool $1	14½	–⅛	[illegible]	–	–
30¼	18¼	Woolworth $3½	29⅞	–⅛	$1.[illegible]	–	2.5

CANADIANS

1988 High	Low	Stock	Price £	+ or –	Div Gross	C'vr	Y'ld Gr's
[illegible]	190p	ABM Gold Corp	283p	......		–	–
[illegible]	16½p	Abbot Energy Corp	25½p	......		–	–
14¼	990p	Amer. Barrick Res.	11	......		–	–
[illegible]	3½p	American Lightwave	9p	......		–	–
[illegible]	24p	Armeno	25p	+1		–	–
[illegible]	48p	Augmitto Expln.	52p	+1		–	–
12¼	10¼	Bk. Montreal	11½	......	$2.00	–	7.7
[illegible]	528p	Bk. Nova Scot.	599p	......	72c	–	3.9
17¼	15¼	BCE	16½	......	$2.44	–	6.5

[illegible]

BANKS, HP & LEASING

[illegible]

Hire Purchase, Leasing, etc.

[illegible]

BEERS, WINES & SPIRITS

[illegible]

BUILDING, TIMBER, ROADS

[illegible]

BUILDING, TIMBER, ROADS—Contd

[illegible]

CHEMICALS, PLASTICS

[illegible]

DRAPERY AND STORES

[illegible]

DRAPERY AND STORES—Contd

[illegible]

ELECTRICALS

[illegible]

ENGINEERING

[illegible]

ENGINEERING—Contd

[illegible]

FOOD, GROCERIES, ETC

[illegible]

HOTELS AND CATERERS

[illegible]

INDUSTRIALS (Miscel.)

[illegible]

INDUSTRIALS (Miscel.)—Contd

[illegible]

INSURANCES

[illegible]

LONDON SHARE SERVICE

INSURANCES—Contd
[illegible]

LEISURE
[illegible]

MOTORS, AIRCRAFT TRADES
[illegible]

Commercial Vehicles
[illegible]

Components
[illegible]

Garages and Distributors
[illegible]

NEWSPAPERS, PUBLISHERS
[illegible]

PAPER, PRINTING, ADVERTISING
[illegible]

PAPER, PRINTING, ADVERTISING — Contd
[illegible]

PROPERTY
[illegible]

SHIPPING
[illegible]

SHOES AND LEATHER
[illegible]

SOUTH AFRICANS
[illegible]

TEXTILES
[illegible]

TEXTILES—Contd
[illegible]

TOBACCOS
[illegible]

TRUSTS, FINANCE, LAND

Investment Trusts
[illegible]

TRUSTS, FINANCE, LAND—Contd
[illegible]

Finance, Land, etc
[illegible]

OIL AND GAS
[illegible]

OIL AND GAS—Contd
[illegible]

OVERSEAS TRADERS
[illegible]

PLANTATIONS

Rubbers, Palm Oil
[illegible]

Teas
[illegible]

MINES

Central Rand
[illegible]

Eastern Rand
[illegible]

Far West Rand
[illegible]

O.F.S.
[illegible]

Diamond and Platinum
[illegible]

Central African
[illegible]

Finance
[illegible]

Australians
[illegible]

MINES—Contd
[illegible]

Tins
[illegible]

Miscellaneous
[illegible]

THIRD MARKET
[illegible]

NOTES

Stock Exchange dealing classifications are indicated to the right of security names: α Alpha, β Beta, γ Gamma. Unless otherwise indicated, prices and net dividends are in pence and denominations are 25p. Estimated price/earnings ratios and covers are based on latest annual reports and accounts and, where possible, are updated on half-yearly figures. P/Es are calculated on "net" distribution basis, earnings per share being computed on profit after taxation and unrelieved ACT where applicable: bracketed figures indicate 10 per cent or more difference if calculated on "nil" distribution. Covers are based on "maximum" distribution; this compares gross dividend costs to profit after taxation, excluding exceptional profits/losses but including estimated extent of offsettable ACT. Yields are based on middle prices, are gross, adjusted to ACT of 25 per cent and allow for value of declared distribution and rights.

- ● "Tap Stock".
- * Highs and lows marked thus have been adjusted to allow for rights issues for cash
- † Interim since increased or resumed
- ‡ Interim since reduced, passed or deferred
- ‡‡ Tax-free to non-residents on application
- ● Figures or report awaited
- ▼ Not officially UK listed; dealings permitted under rule 535(4)(a)
- ♦ USM; not listed on Stock Exchange and company not subjected to same degree of regulation as listed securities.
- ‡‡ Dealt in under Rule 535(3).
- ¥ Price at time of suspension
- ¶ Indicated dividend after pending scrip and/or rights issue; cover relates to previous dividend or forecast.
- ♦ Merger bid or reorganisation in progress
- ♣ Not comparable
- ♠ Same interim; reduced final and/or reduced earnings indicated
- § Forecast dividend; cover on earnings updated by latest interim statement.
- ‡ Cover allows for conversion of shares not now ranking for dividends or ranking only for restricted dividend.
- ☆ Cover does not allow for shares which may also rank for dividend at a future date. No P/E usually provided.
- ‖ No par value

B.Fr. Belgian Francs. Fr. French Francs ## Yield based on assumption Treasury Bill Rate stays unchanged until maturity of stock. a Annualised dividend. b Figures based on prospectus or other offer estimate. c Cents. d Dividend rate paid or payable on part of capital, cover based on dividend on full capital. e Redemption yield. f Flat yield. g Assumed dividend and yield. h Assumed dividend and yield after scrip issue. j Payment from capital sources. k Kenya. m Interim higher than previous total. n Rights issue pending q Earnings based on preliminary figures. s Dividend and yield exclude a special payment. t Indicated dividend: cover relates to previous dividend, P/E ratio based on latest annual earnings. u Forecast, or estimated annualised dividend rate, cover based on previous year's earnings. v Subject to local tax. x Dividend cover in excess of 100 times. y Dividend and yield based on merger terms. z Dividend and yield include a special payment: Cover does not apply to special payment. A Net dividend and yield. B Preference dividend passed or deferred. C Canadian. E Minimum tender price. F Dividend and yield based on prospectus or other official estimates for 1986-87. G Assumed dividend and yield after pending scrip and/or rights issue. H Dividend and yield based on prospectus or other official estimates for 1986. K Dividend and yield based on prospectus or other official estimates for 1987-88. L Estimated annualised dividend, cover and P/E based on latest annual earnings. M Dividend and yield based on prospectus or other official estimates for 1988. N Dividend and yield based on prospectus or other official estimates for 1987. P Figures based on prospectus or other official estimates for 1987. Q Gross. R Forecast annualised dividend, cover and p/e based on prospectus or other official estimates. T Figures assumed. W Pro forma figures. Z Dividend total to date.

Abbreviations: xd ex dividend; xc ex scrip issue; xr ex rights; xa ex all; xd ex capital distribution.

REGIONAL & IRISH STOCKS

The following is a selection of Regional and Irish stocks, the latter being quoted in Irish currency.

Albany Inv 20p	68	----
Craig & Rose £1	680	----
Finlay Pkg. 5p	77	-1
Holt (Jos) 25p	£11½	----

IRISH

Fund 11¾% 1988	£100¼	----
Nat. 9¾% 84/89	£101¼	----
Fin. 13% 97/02	£117¼	----
Arnotts	300	----
CPI Hldgs	80	+2
Carroll Inds	151	-1
Hall (R. & H.)	104½	----
Heiton Hldgs	41	----
Irish Ropes	118½	----
Unidare	155	----

TRADITIONAL OPTIONS
3-month call rates

Industrials	p
Allied-Lyons	35
Amstrad	15
BAT	45
BOC Grp.	40
NEI	18
Nat West Bk	68
P & O Dfd	52
Plessey	16
Polly Peck	32
Racal Elect	22
RHM	35

Equities advance sharply in thin turnover while Gilt-edged lose early gains

Account Dealing Dates

*First Dealings	Option Declarations	Last Dealings	Account Day
Mar 21	Apl 7	Apl 8	Apl 18
Apl 11	Apl 21	Apl 22	May 3
Apl 25	May 5	May 6	May 16

*New time dealings may take place from 9.00 am two business days earlier.

SHARE PRICES advanced strongly in London yesterday, with investors encouraged by the strength shown in New York and Tokyo and determined to see the bright side of a host of somewhat contradictory developments on the domestic front. The fall in the pound proved the strongest factor, inspiring sharp gains in the blue chip exporters, while taking the heart out of Government bonds. Only the oil stocks took heed of the rise in crude prices, which could imply renewed firmness in sterling – if it continues.

Meanwhile, the wide range of the equity market continued to bask in the warmth of last week's *half point cut in UK bank base* rates, brushing off warnings from more than one securities house that rates could be pushed up again quickly if sterling begins to fall in earnest.

The FT-SE index pushed triumphantly through the 1800 mark, closing a net 30.8 up at 1810.5, a 1.7 per cent gain, led by a healthy premium on the FT-SE Futures contract and helped at the close by another firm opening on Wall Street. At its closing level, the *FT-SE had just crept above* the trading range set by some chart analysts. However, The more broadly based FT Actuaries All-Share Index gained 1.5 per cent to 926.39.

Beneath the somewhat benign surface, the professional traders sounded unimpressed with the *first day of the new equity* trading Account. Outside the international blue chips, such as ICI, Glaxo, Beecham and British Petroleum, turnover was often very thin. AB Foods, for example, traded only 198,000 shares, Bass 323,000, and Amstrad, the home computer leader, 319,000. The Seaq volume total was 405.4m shares.

The market faces significant hurdles this week in the shape of tha meeting of the Group of Seven countries and the US trade figures for February, and also awaits developments on planned discussions between the Opec pricing committee and non-Opec oil producers. Consequently, the big investment institutions remain inclined to hold back their investment projects for the new financial year, which opened last week.

The improvement in oil prices brought renewed activity in oil shares, with BP attracting buyers again as the analysts pointed to the value of the reserves acquired via the Britoil acquisition.

Among more speculative issues, *Burmah saw activity* after a $700m offer from Ardshiel, a New York investment house, for Quaker State, a major US producer of lubricant oils.

Consolidated Goldfields gained support in London ahead of a presentation to Tokyo investors.

Some domestic buying was seen in Gilt-edged early in the session, in further response to the latest cut in UK base rates. However, support dwindled as *sterling slipped back and prices* turned off before the close in the face of a trickle of foreign selling. Long dated issues ended a net ¼ off in thin trade, behind a flat US Treasuries market.

Inflation concern brought fresh gains of ¼ or so in Index-linked Gilts at first but the sector *proved* unable to resist the trend of the conventional bonds. Short dated I-L issues held firm but the longer dates were ¼ down by the end of trading.

Oil shares held pride of place in the equity market at the outset of trading when the sector was marked sharply higher after news that OPEC members are to hold an emergency meeting on April 25 "to review output levels". The news gave an immediate boost to crude oil prices although *these later came off their highest* levels, after an agency report that OPECproduction may not after all be cut.

BP "old" spurted 12½ to 277p on turnover of 5.6m, and the "new" jumped 8¼ to 79p on turnover of 16m. British Gas, quoted fully–paid and after a couple of "buy" recommendations, added 4 at 184p; the final 40p payment on the stock is due a week today. Shell rose 27 more to 1087p.

Calor leapt 21 to 580p ahead of the hiving off of the oil and gas interests into Acre Oil which commence trading tomorrow; after hours it was revealed that *Carless had agreed to sell its* interest in Century Power & Light to Acre for £561.95m in cash.

BAT Industries responded to a spate of broking house recommendations and a bullish article about profits from tobacco to close 13¼ up at 434p xd. Many analysts believe the group's attempt to acquire the Farmers Group Inc. will be successful, and could provide the impetus for a major re-rating of the shares.

The US company said in Los Angeles yesterday its management and representatives were prepared to meet with those of BAT, providing a confidentially agreement is executed.

Rothmans International, the other publicly-quoted tobacco group, also made headway to end 7 higher at 410p.

Discount houses sprang to life with hefty gains across the board as dealers reported persistent strong buying thought to have been triggered by a "buy" recommendation from an agency broker. Demand, also prompted by recent cuts in interest rates, was said to have found the market short of stock. Union Discount jumped 25 to 568p, Gerrard & National and Cater Allen, both scheduled to announce preliminary figures in May, added around 20 apiece at 335p and 378p while King & Shaxson rose 6 to 151p.

Speculation of "down-under" share building exercises faded as business contracted but the two Brewery stocks at the centre of the intrigue both managed some progress. Allied-Lyons improved to close 3 higher at 395p while Scottish & Newcastle moved up to 290p before settling unaltered on balance at 285p. An agency cross involving 4.5m shares accounted for most of the turnover in Guinness which, following last month's annual results, is free to resume its buy-in programme. The shares settled 7 up at 304p. Light institutional interest raised Bass 14 to 859p.

Investors took an optimistic view of the Building sector short-term following last week's interest rate cut. Forthcoming trading statements were expected to boost sentiment and Blue Circle, where analysts are looking for preliminary profits around £152m when the company reports next Friday, firmed 5 to 445p. RMC, annual results due tomorrow, rose 13 to 473p in a market short of stock while Tarmac, figures later this Account, firmed 5 to 245p. Rugby put on 5 to 262p xd.

ICI responded to more favourable currency influences and touched 1025p prior to closing 21 higher at 1021p. Wardle Storeys responded to good interim results with a gain of 30 to 600p.

High street chemists Underwoods were one of only a handful of dull spots in equities with the shares retreating 8 to 138p after the major management shake-up instigated by Mr Alan Gaynor, the new chief executive. Mr Gaynor also said that profits for the year to end-January will be "significantly lower" than the previous year's.

Other leading stores issues made progress across a broad front after the recent cuts in interest rates, income taxes and probable cuts in mortgage rates. GEC, an underperformer recently as the market fretted about big selling associated with budget changes to capital gains tax, and numerous profits downgradings by top broking firms, staged a sustained rally to close 4½ up at 147½p. Turnover in the stock topped 7.4m and dealers said the shares were responding to heavy buying interest – much of it via the inter-dealer broker screens.

Racal, another stock to have suffered from the budget changes to CGT, were also aggressively bought and settled 5 up at 222p on turnover of 5.2m shares.

Thorn EMI were outstanding and raced up 19 to 618p on buying said to have been generated by a big traded options business; Thorn's senior management were also said to have been lunching with one of the leading UK securities houses yesterday.

Currency influences gave a mild boost to GKN which closed 9 to the good at 309p. Elsewhere in the Engineering sector, further occasional demand ahead of Thursday's interim figures left Adwest 10 better at 318p; Kleinwort Grieveson Securities, the investment house, are looking for pre-tax profits of around £4m at the half-way mark. Tate and Lyle, a weak market both prior to, and after, last week's announcement of the proposed offer for Staley Continental, the US corn refining and food services group, gave a steadier performance. The shares edged forward *in the late dealings* to close 10 higher on balance at 750p. Northern Foods picked up 4 at 246p and Hillsdown gained a similar amount to 283p. Cadbury Schweppes firmed 4 to 266p but Friday's star performer, Rowntree, were a much quieter market and closed little changed at 483p.

Leading Hotels displayed moderate rises, but secondary issues featured with significant gains. Friendly Hotels rose 13 to 234p in reply to excellent annual results and Stakis put on 6 to 105p as bid rumours revived. Savoy were 10 higher at 908p awaiting today's *preliminary statement.*

International stocks took a distinct turn for the better in the wake of last Friday's good performance on Wall Street. Sentiment was also boosted by the firmer trend in the dollar. Glaxo, partly reflecting interest ahead of today's research and development meeting with analysts which is expected to highlight the group's products for 1990 and beyond, moved ahead strongly to close 32 up at 1081p xd. Beecham, a good market recently on prospects for its heart drug Eminase, were noteworthy at 472p, up 11, while BOC recorded a similar rise at 384p.

Rank Organisation featured a gain of 24 at 723p, the rise followed further expansion news via the acquisition of Milbank Films, a UK producer and distributor of health and safety training films and videos, for some £1.7m. British Aerospace continued to attract considerable interest and improved 9 further to 413p in a volume of some 3.5m shares. Reuters, boosted last week by good demand in the US for the ADR's, advanced 22 more to 544p following news that the Australian Government has cleared the way for The News Corporation, headed by Mr Rupert Murdoch, to by an additional stake in the group.

Christies International, still reflecting bid hopes advanced afresh to close *32* up at 553p xd. Avis Europe, scheduled to reveal preliminary figures on Thursday, met with revived demand and *closed 10* to the good at 335p while satisfactory trading statements left Cannon Street Investments 9 dearer at 274p and Sharp and Law 11 higher at 168p. AGB Research improved 9 to 210p as MAI stakebuilding speculation continued. Week-end press mention prompted firmness in Siebe which put on 12 to 345p while Morgan Crucible, relflecting demand ahead of next Monday's preliminary statement, advanced 14 to 241p.

Jaguar were aided by exchange rate movements and gained 8 to 290p. Lucas Industries rallied strongly ahead of being quoted ex-rights today, rising 19 to 553p, while Kwik-Fit advanced 5½ to 194p xd. Distributors featured Lancaster, up 7 at 134p xd, and *D.C.Cook*, which improved 7 to 155p.

More than doubled annual profits boosted Wace 12 to 247p while favourable mention took Pineapple up 8 to 86p and Monotype 5 higher to 228p. Elsewhere, Ferry Pickering rose 8 to 158p and Paragon Communications 7 to *103p*.

The Property leaders continued to reflect favourable interest rate trends. Elsewhere, Helical Bar gained 8 to 328p ahead of results due shortly, while Asda Property responded to the good preliminary figures with a rise of 8 at 170p. Imry International rose 15 to 381p *following favourable* Press comment and a BZW recommendation, while Kentish Properties firmed 8 to 118p ahead of annual results due on April 20.

Tootal old and the new nil-paid shares resulting from the rights issue were in demand, the former rising 4 to 105p and the latter closing first-time dealings at 6½p premium. Sharply increased annual *profits lifted Lamont* 10 to 288p while comment on the benefits of the proposed merger, allied to hopes of a possible rival offer, helped John Crowther recover 5 to 179.

Investment Trust capital shares were popular with investors, Derby Trust spurting 20 to 160p and Fundinvest 40 to 465p. M & G 2nd rose 15 to 215p. Among Financial Trusts, British & Commonwealth revived with a gain of 8 to 293p.

Lonrho attracted persistent inquiry, mainly from private investors, and in a market showing signs of stock shortage gained 11 to 253p: The shares will be quoted ex the one-for-six scrip issue on April 28. Polly Peck extended the better run on US dollar and other influences to close 9 higher at 295p.

The Traded Option Market enjoyed a brisk day's business dominated by energy stocks. British Gas, adjusted to accomodate the final call of 40p on the stock, registered 3,603 calls and *1,150 puts. BP accounted for 1,451* calls and 359 puts. There was activity in Boots, particularly the June 330 puts, which finally totalled 1,061, while Boots calls amounted to 6,666 contracts. The FTSE contract traded quietly and attracted only 1,526 calls and 1,625 puts. The total number of *contracts came out* at 31,267, made up of 20,614 calls and 10,650 puts.

FINANCIAL TIMES STOCK INDICES

	Apr. 11	Apr. 8	Apr. 7	Apr. 6	Apr. 5	Year Ago	1988 High	1988 Low	Since Compilation High	Since Compilation Low
Government Secs	91.05	91.01	90.80	90.93	91.03	89.09	91.05 (11/4)	86.97 (13/1)	127.4 (9/1/35)	49.18 (3/1/75)
Fixed Interest	97.81	97.50	97.43	97.49	97.56	96.51	97.81 (11/4)	94.14 (8/1)	105.4 (28/11/47)	50.53 (3/1/75)
Ordinary	1433.6	1413.4	1399.4	1386.8	1382.9	1512.4	1470.7 (4/3)	1349.0 (8/2)	1926.2 (16/7/87)	49.4 (26/6/40)
Gold Mines	221.3	221.3	221.6	228.0	233.1	483.8	312.5 (7/1)	221.3 (11/4)	734.7 (15/2/83)	43.5 (26/10/71)
Ord. Div. Yield	4.49	4.76	4.60	4.63	4.64	3.88				
Earnings Yld. % (full)	11.75	12.47	12.03	12.11	12.14	8.82				
P/E Ratio (net)(*)	10.44	9.73	10.19	10.09	10.06	14.02				
SEAQ Bargains (5pm)	25,715	31,521	26,088	33,189	35,462	39,835				
Equity Turnover (£m)	-	1041.71	891.13	900.35	862.01	1099.84				
Equity Bargains	-	34,102	29,767	40,064	42,336	48,212				
Shares Traded (ml)	-	507.5	415.5	444.1	383.1	442.5				

Opening	10 a.m.	11 a.m.	12 p.m.	1 p.m.	2 p.m.	3 p.m.	4 p.m.
1423.7	1424.4	1429.7	1432.6	1434.4	1434.4	1433.0	1430.8

Day's High 1434.5 Day's low 1423.6

Basis 100 Govt. Secs 15/10/26, Fixed Int. 1928, Ordinary 1/7/35, Gold Mines 12/9/55, S E Activity 1974. * Nil=10.33.

S.E. ACTIVITY

Indices	Apr. 8	Apr. 7
Gilt Edged Bargains	158.9	113.5
Equity Bargains	222.9	192.9
Equity Value	1041.71	1801.2
5-Day average		
Gilt Edged Bargains	147.2	151.0
Equity Bargains	246.3	281.3
Equity Value	1863.9	1893.4

LONDON REPORT AND LATEST SHARE INDEX: TEL. 0898 123001

Traditional Options

- First dealings Mar 28
- Last dealings Apr 15
- Last declarations June 30
- For Settlement July 11

For rate indications see end of London Share Service

Dealers reported a fairly quiet day in the Traditional option market. Stocks to attract money for the call included Ferranti, Blacks Leisure, Eagle Trust, Delta Group, Rutland Trust, *Entertainment Productions*, Eurotunnel, Elswick, Leisure Investments, Resort Hotels, Dares Estates, Lorlin and B. Matthews. No put options wera reported but doubles were transacted in Polly Peck and British Petroleum new.

TRADING VOLUME IN MAJOR STOCKS

The following is based on trading volume for Alpha securities dealt through the SEAQ system yesterday until 5 pm.

Stock	Volume 000's	Stock	Volume 000's	Stock	Volume 000's
ASDA Group	1,600	Enterprise Oil	696	Prudential	1,200
Allied-Lyons	1,000	Fisons	2,200	Racal	5,200
Amstrad	319	General Accident	300	Rank Org.	318
Argyll Group	1,400	General Elect.	6,800	RMC	435
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

NEW HIGHS AND LOWS FOR 1988

NEW HIGHS (107)

[illegible]

NEW LOWS

[illegible]

RISES AND FALLS YESTERDAY

	Rises	Falls	Same
British Funds	101	3	10
Corporations, Dominion and Foreign Bonds	9	1	19
Industrials	753	156	663
Financial and Properties	294	63	250
Oils	57	8	40
Plantations	2	0	11
Mines	70	30	104
Others	102	25	112
Totals	1409	288	1255

FT-ACTUARIES INDICES

These Indices are the joint compilation of the Financial Times, the Institute of Actuaries and the Faculty of Actuaries

EQUITY GROUPS & SUB-SECTIONS

Figures in parentheses show number of stocks per section

No.	Group	Monday April 11 1988 Index No.	Day's Change %	Est. Earnings Yield% (Max.)	Gross Div. Yield% (Act at 25%)	Est. P/E Ratio (Net)	xd adj. 1988 to date	Fri Apr 8 Index No.	Thu Apr 7 Index No.	Wed Apr 6 Index No.	Year ago (approx) Index No.
1	CAPITAL GOODS (207)	755.43	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
2	Building Materials (29)	1019.08	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
3	Contracting, Construction (34)	1574.53	+1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
4	Electricals (12)	1994.97	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
5	Electronics (32)	1505.19	+1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
6	Mechanical Engineering (56)	392.50	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
8	Metals and Metal Forming (7)	451.82	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
9	Motors (13)	272.74	+2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
10	Other Industrial Materials (24)	1265.75	+1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
21	CONSUMER GROUP (188)	1057.16	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
22	Brewers and Distillers (21)	1088.76	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
25	Food Manufacturing (23)	826.86	+0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
26	Food Retailing (16)	2188.23	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
27	Health and Household (12)	1848.41	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
29	Leisure (31)	1287.79	+1.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
31	Packaging & Paper (16)	495.86	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
32	Publishing & Printing (16)	3382.64	+0.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
34	Stores (35)	834.09	+2.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
35	Textiles (18)	546.90	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
40	OTHER GROUPS (93)	866.64	+1.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
41	Agencies (19)	1184.84	+1.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
42	Chemicals (20)	1013.55	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
43	Conglomerates (14)	1184.56	+1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
45	Shipping and Transport (12)	1919.64	+1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
47	Telephone Networks (2)	976.98	+2.0	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
48	Miscellaneous (26)	1143.71	+0.8	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
49	INDUSTRIAL GROUP (488)	943.20	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
51	Oil & Gas (12)	1872.17	+3.6	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
59	500 SHARE INDEX (500)	1021.46	+1.7	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
61	FINANCIAL GROUP (122)	642.65	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
62	Banks (8)	623.23	+0.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
65	Insurance (Life) (8)	965.17	-1.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
66	Insurance (Composite) (7)	334.74	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
67	Insurance (Brokers) (7)	1133.41	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
68	Merchant Banks (11)	339.95	+0.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
69	Property (51)	1133.61	+0.9	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
70	Other Financial (30)	391.39	+1.3	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
71	Investment Trusts (82)	870.55	+0.2	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
81	Mining Finance (2)	463.92	+3.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
91	Overseas Traders (8)	1024.58	+2.1	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]
99	ALL-SHARE INDEX (714)	926.39	+1.5	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

	Index No.	Day's Change	Day's High	Day's Low	Apr 8	Apr 7	Apr 6	Apr 5	Mar 31	Year ago
FT-SE 100 SHARE INDEX ♦	1810.5	+30.8	1810.5	1797.6	1779.7	1761.8	1745.8	1737.6	1742.5	[illegible]

FIXED INTEREST

	PRICE INDICES	Mon Apr 11	Day's change %	Fri Apr 8	xd adj. today	xd adj. 1988 to date
	British Government					
1	5 years	123.84	+0.11	123.70	-	3.75
2	5-15 years	143.02	+0.06	143.07	0.14	3.43
3	Over 15 years	151.36	-0.11	151.86	0.94	4.62
4	Irredeemables	170.99	+0.02	170.95	-	1.54
5	All stocks	139.10	+0.05	139.14	0.12	3.69
	Index-Linked					
6	5 years	126.42	-0.06	126.49	-	0.52
7	Over 5 years	120.22	-0.13	120.37	-	0.88
8	All stocks	120.55	-0.12	120.69	-	0.85
9	Debentures & Loans	120.70	+0.58	120.40	0.40	2.67
10	Preference	88.79	+0.37	88.89	0.43	1.90

AVERAGE GROSS REDEMPTION YIELDS

		Mon Apr 11	Fri Apr 8	Year ago (approx.)
	British Government			
1-18	[illegible]	[illegible]	[illegible]	[illegible]

Opening index 1797.2; 10 am 1797.2; 11 am 1803.2; Noon 1804.5; 1 pm 1807.5; 2 pm 1807.8; 3 pm 1807.1; 3.30 pm 1808.5; 4 pm 1806.6

† Flat yield. Highs and lows record, base dates, values and constituent changes are published in Saturday issues. A new list of constituents is available from the Publishers, The Financial Times, Bracken House, Cannon Street, London EC4P 4BY, price 15p, by post 32p.

LONDON TRADED OPTIONS

[illegible]

April 11 Total Contracts 31,267 Calls 20,617 Puts 10,650
FT-SE Index Calls 1,526 Puts 1,625
*Underlying security price

LONDON RECENT ISSUES

EQUITIES

[illegible]

FIXED INTEREST STOCKS

[illegible]

"RIGHTS" OFFERS

[illegible]

WORLD STOCK MARKETS

CANADA

TORONTO
Closing prices April 11

MONTREAL
Closing prices April 11

52254	Bank Mont	\$26⅝	26⅜	26½	−⅛
5100	BombrdrA	\$09¾	09¼	09⅝	
111190	BombrdrB	\$09¾	09⅜	09⅝	
12100	CB Pak	\$22⅜	22⅛	22⅜	+¼
6860	Cascades	\$08⅝	08½	08⅝	+⅛
3869	DomTxtA	\$16	15¾	16	
2800	MntTrst	\$[illegible]	14¼	14⅛	+⅛
107899	NatBk Cda	\$10½	10¼	10½	+⅛
13445	Noverco	\$11½	11¼	11⅜	
28560	Power Corp	\$14	13¾	13⅞	
32554	Provigo	\$10½	10⅜	10⅜	−⅛
81999	Royal Bank	\$28¾	28⅛	28⅝	
12498	SteinbrgA	\$43½	41¼	42¼	−1½
1260	Videotron	\$10⅛	[illegible]	[illegible]	−¼

Total Sales 4,944,383 shares

I—No voting rights or restricted voting rights.

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Continued from Page 49

INDICES

NEW YORK DOW JONES

	Apr. 8	Apr. 7	Apr. 6	Apr. 5	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
φIndustrials	2090.19	2062.17	2061.67	1997.51	2722.42 (25/8/87)	1738.42 (19/10/87)	2722.42 (25/8/87)	41.22 (2/7/32)
Home Bonds	89.51	89.17	89.16	89.32	95.51 (9/2/87)	81.26 (19/10/87)	–	–
Transport	883.66	874.25	875.15	857.83	1101.16 (14/8/87)	661.90 (4/12/87)	1101.16 (14/8/87)	12.32 (8/7/32)
Utilities	176.56	174.37	174.55	171.35	227.83 (22/1/87)	160.98 (19/10/87)	227.83 (22/1/87)	10.50 (8/4/32)

φDay's High 2103.78 (2084.22) Low 2051.06 (2042.94)

STANDARD AND POOR'S	Apr. 8	Apr. 7	Apr. 6	Apr. 5	1987-88 High	1987-88 Low	Since compilation High	Since compilation Low
Composite ‡	269.43	266.16	265.49	258.51	336.77 (25/8/87)	223.92 (4/12/87)	336.77 (25/8/87)	4.40 (1/6/32)
Industrials	313.60	309.73	308.71	300.17	393.17 (25/8/87)	255.43 (4/12/87)	393.17 (25/8/87)	3.62 (21/6/32)
Financials	22.96	22.66	22.68	22.17	32.43 (25/8/87)	20.39 (1/12/87)	32.43 (25/8/87)	8.64 (1/10/74)
NYSE Composite	152.03	150.28	149.76	146.29	187.99 (25/8/87)	125.91 (4/12/87)	187.99 (25/8/87)	4.46 (25/4/42)
Amex Mkt. value	300.49	299.38	297.58	295.07	365.01 (13/8/87)	231.98 (4/12/87)	365.01 (13/8/87)	29.31 (9/12/72)
NASDAQ OTC Comp.	381.83	378.88	377.74	373.41	455.28 (26/8/87)	291.90 (28/10/87)	455.28 (26/8/87)	54.87 (31/10/72)

	Mar. 25	Mar. 18	Mar. 10	year ago (approx.)
Dow Industrial Div. Yield	3.53	3.35	3.54	2.86

	Apr. 6	Mar. 23	Mar. 16	year ago (approx.)
S & P Industrial div. yield	2.96	2.93	2.94	2.47
S & P P/E ratio	15.21	15.39	15.35	22.12

TRADING ACTIVITY †Volume

Millions	Apr. 8	Apr. 7	Apr. 6
New York	176.190	177.840	189.760

NEW YORK	Apr. 8	Apr. 7	Apr. 6
Issues Traded	1,963	1,990	1,973
Rises	1,107	975	1,186
Falls	434	535	406
Unchanged	422	480	381

CANADA

NEW YORK ACTIVE STOCKS

CHIEF LONDON PRICE CHANGES YESTERDAY
(Prices in pence unless otherwise indicated)

RISES		
Asda Property	170	+ 8
BAT Inds.	434	+ 13½
Beecham	472	+ 11
BP	277	+ 12½
Burton	247	+ 9
Calor	580	+ 21
Cater Allen	378	+ 23
Christies Intl.	553	+ 32
Friendly Hotels	234	+ 13
Gerrard & Natl.	335	+ 20
Glaxo	£10 5/16	+ 5/16
Guinness	304	+ 7
Jaguar	290	+ 8
Lamont Intl.	288	+ 10
Lancaster	134	+ 7
Lloyds Bank	279	+ 8
Lonrho	253	+ 11
Lucas Inds.	553	+ 19
Pineapple Group	86	+ 8
Polly Peck Intl.	295	+ 9
RMC	473	+ 13
Rank Org.	723	+ 24
Reuters B	544	+ 22
Thorn EMI	618	+ 19
Wardle Storeys	600	+ 30
FALLS		
Underwoods	138	− 8

TOKYO - Most Active Stocks
Monday, April 11, 1988

	Stocks Traded	Closing Prices	Change on day
Mitsubishi Heavy Industries	142.91m	760	+13
Nippon Steel	137.35m	494	unch
Toshiba	35.75m	837	-3
Sanyo Electric	35.28m	594	+20
Kobe Steel	14.39m	338	+6
Sumitomo Metal	14.06m	409	-9
Kawasaki Steel	15.14m	402	-3
Mitsubishi Estate	13.07m	2,560	+40
Nippon Kokan	10.89m	393	-7
Mitsubishi Electric	9.80m	766	-12

NEW YORK STOCK EXCHANGE COMPOSITE CLOSING PRICES

12 Month High	12 Month Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
25⅝	14	AAR n	.36	1.5	20	905	24⅞	23½	24⅞	+1⅛
27	18½	AGS s			14	370	18½	18¼	18⅜	+¼
10½	4⅜	AMCA				13	4¾	4¾	4¾	
6⅝	3¼	AN Intl				1245	4⅛	4	4	−¼
65½	28¾	AMR			13	3983	42¼	41⅜	41¾	−¾
27¼	24⅞	ANR pf 2.67		10.		4	26⅝	26¼	26¼	
24¾	19	ANR pf 2.12		9.1		3	23¼	23¼	23¼	−⅛
12¼	6⅜	ARX			9	47	8¾	8½	8¾	+¼
73½	40⅞	ASA	3	6.7		279	45	44¼	45	+⅜
22⅜	9⅞	AVX			16	96	17⅞	17½	17½	
65⅝	46	AbtLab 1.20		2.4	17	x4657	50½	50	50⅜	
28	15⅝	Abitibi g 1				s797	18½	18¼	18½	+⅛
16¾	8½	AcmeC .40		3.0		119	13¼	12⅞	13½	
10½	6¾	AcmeE .32b		4.4	20	16	7½	7¼	7¼	
20	14⅛	AdaEx 2.93e		18.		96	15⅞	15⅝	15⅞	
16¼	6⅞	AdamMl .24		1.8	11	18	13⅝	13½	13⅝	+⅛
24⅞	7½	AMD				17539	14	13	13¾	+⅜
56¾	29¼	AMD pf 3		7.7		36	39	38¾	38⅞	−⅜
11⅞	4⅝	Adobe			16	218	7⅜	7⅛	7⅜	
20¼	10¼	Adob pf 1.84		10.		7	18	18	18	+¼
21¾	17½	Adob pf 2.40		11.		6	20⅞	20¾	20⅞	+⅛
15	6½	Advest .12a		1.7	7	94	7⅜	7⅛	7¼	−⅛
64¼	42⅝	AetnLf 2.76		6.2	8	1567	44½	44	44½	+¼
83½	41	AfilPub .40		.6	39	468	66	66¼	66	+2
23¾	13	Ahmans .88		5.6	6	1351	16	15⅝	15¾	
4⅛	1⅜	Aileen				277	2⅞	2⅝	2⅞	+¼
53⅞	29	AirPrd 1		2.1	15	3507	48⅝	47⅞	48⅝	+½
[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]	[illegible]

Continued on Page 49

NYSE COMPOSITE CLOSING PRICES

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close

Continued from Page 48

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
19⅝	10½	Oneidas	.48	3.1	6	64	15⅝	15¼	15⅝	+⅛
39⅛	9⅝	ONEOK(84)			9	2502	10⅝	9¾	10½	+¾
13⅝	9	OpnhCn1.35		12.	9	167	11	10⅞	11	
11⅞	10⅞	OpnMi n				880	11⅛	10⅞	11	−⅛
12½	5⅝	OrngCo			21	175	9	8¾	9	
33¾	25	OranRk2.22		7.4	16	119	30⅛	29⅝	20	+⅛
4	1⅞	Orient			2	39	2½	2⅜	2⅜	−⅛
25	11	OrionC	.76	4.7	5	182	16⅛	16	16⅛	
25½	13¾	OrionCpf2.12		12.		84	18¼	18	18	−½
19½	5½	OrionP			19	876	17⅛	16⅞	17	−¼
12⅝	8¼	Orion pr	.50	4.5		z12	11	11	11	−⅛
86	16¼	OutbdM.72		2.2	11	1922	32⅝	32	32½	+½
28½	15	OvShip	.60	2.3	16	20	22⅛	21⅛	22⅛	+⅛
22	11¾	OwenM	.36	2.0	19	158	18⅝	10	18¼	+¼
32⅝	9	OwenCn			4	1125	21¼	20⅞	21	+⅛
22⅝	8½	OxfdF s	.40	1.9	14	447	21¾	20¾	21½	+⅛
18	9⅛	Oxford	.60	4.4		235	11⅛	11	11¼	−⅜

P Q

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
45	25¾	PHH	1.08	3.4	12	186	32	31½	32	+⅜
14⅛	6¾	PHM	.12	1.6	6	714	7⅝	7⅛	7⅝	
[illegible]										

R R R

S S S

T T T

U U U

V V V

W W W

X Y Z

12 Month High	Low	Stock	Div.	Yld.	P/E	Sls 100s	High	Low	Close Quote	Ch'ge Prev. Close
[illegible]		Xerox pf4.13								
34¾	19⅛	XTRA	.64	1.9	17	305	34	33⅛	33⅝	+⅜
28½	19½	XTRA pf1.94		6.7		5	28⅝	28½	28⅝	+⅜
45¼	17½	Yorkin			16	1682	d45¼	42¼	44¼	+1½
7⅛	2¼	Zapata				385	3⅜	3¼	3⅜	
37	13½	Zayre	.40	1.7	11	6842	24⅛	23¼	23⅝	−⅛
18⅞	6⅝	Zemex	.40	2.8	13	48	14¾	14⅜	14⅝	
33⅝	10	ZenithE				1294	20⅝	20¼	20⅝	
12	2⅝	ZenLab				1383	2⅝	2½	2¾	+⅛
24	13½	ZenNtl	.80	4.2	9	169	19¼	18⅞	19¼	−⅜
20⅝	11⅜	Zero	.36	2.4	15	100	15	14⅞	14⅞	+⅛
30¾	15	Zurnin s	.66	3.0	15	79	22½	22⅛	22⅝	
10⅝	7⅝	Zweig	1.34e	13.		805	10⅛	10	10	

Sales figures are unofficial. Yearly highs and lows reflect the previous 52 weeks plus the current week, but not the latest trading day. Where a split or stock dividend amounting to 25 per cent or more has been paid, the year's high-low range and dividend are shown for the new stock only. Unless otherwise noted, rates of dividends are annual disbursements based on the latest declaration.

a-dividend also extra(s). b-annual rate of dividend plus stock dividend. c-liquidating dividend. cld-called. d-new yearly low. e-dividend declared or paid in preceding 12 months. g-dividend in Canadian funds, subject to 15% non-residence tax. i-dividend declared after split-up or stock dividend. j-dividend paid this year, omitted, deferred, or no action taken at latest dividend meeting. k-dividend declared or paid this year, an accumulative issue with dividends in arrears. n-new issue in the past 52 weeks. The high-low range begins with the start of trading. nd-next day delivery. P/E-price-earnings ratio. r-dividend declared or paid in preceding 12 months, plus stock dividend. s-stock split. Dividends begin with date of split. sls - sales. t-dividend paid in stock in preceding 12 months, estimated cash value on ex-dividend or ex-distribution date. u-new yearly high. v-trading halted. vi-in bankruptcy or receivership or being reorganised under the Bankruptcy Act, or securities assumed by such companies. wd-distributed. wi-when issued. ww-with warrants. x-ex-divident or ex-rights. xdis-ex-distribution. xw-without warrants. y-ex-dividend and sales in full. yld-yield. z-sales in full.

AMEX COMPOSITE CLOSING PRICES

Stock	Div.	P/E	Sls 100s	High	Low	Close	Chng
[illegible]							

A B C D E F G H I J K L M N O P Q R S T U V W X Y Z

OVER-THE-COUNTER *Nasdaq national market, closing prices*

Stock	Sales (Hnds)	High	Low	Last	Chng
[illegible]					

A B C D E F G H I J K L M N

Continued on Page 47

AMERICA

Oil prices surge but Dow hovers in subdued trading

Wall Street

EQUITIES started the week on a fairly quiet note as the market digested last week's surge to post-October crash highs although there were a few attempts to test the 2,100 level on the Dow Jones Industrial Average, *writes Janet Bush in New York.*

The Dow closed 5.97 points higher at 2,095.99. Volume was modest with just under 147.894m shares having changed hands.

Meanwhile, bonds turned lower, in spite of a firmer dollar, in response to higher oil prices. This, coupled with profit-taking after last Friday's rally, pushed prices nearly a full point. The Treasury's benchmark long bond was quoted ⅞ point lower in late business to yield 8.77 per cent.

A lot of uncertainties hang over US financial markets this week. First, there are some important economic releases this week, including retail sales tomorrow, business inventories and the all-important trade balance on Thursday, and industrial production and producer prices on Friday.

In addition, the Group of Seven leading industrial nations is due to meet tomorrow in Washington. There has already been a great deal of talk about agreements to reaffirm commitments to a stable dollar and reduced global trade imbalances.

Officials have made it clear that the meeting will be low-key and there is a danger that markets may, at this stage, be expecting too much from the meeting.

Oil has now reemerged as a influence, particularly on the bond market because of its potential effects on inflation. Crude oil prices surged on the New York Mercantile Exchange yesterday in response to weekend news that the Organisation of Petroleum Exporting Countries intended to set up a meeting with non-Opec producers aimed at boosting prices through output cuts.

Crude oil for May delivery was quoted at $17.69 a barrel at mid-session, up 61 cents from Friday's settlement.

There is some concern that, with so much new economic *information coming out later this* week and some kind of news expected from the G7 meeting, investors will be unwilling to participate strongly in today's seven-year note auction.

The equity market was, like the bond market, caught between the opposing forces of a firmer dollar and higher oil prices. Stocks are also facing the formidable 2,100 barrier on the Dow index and seemed yesterday morning to find stiff resistance as soon as the index got within a few points of that level.

Oil stocks were a feature of the market yesterday, firming in response to higher oil prices. Chevron added $1¼ to $49⅞, Exxon was also $⅛ higher at $44⅞ and Mobil rose $⅛ to $48⅞.

Quaker State, an oil company specialising in motor oil and lubricants, surged $3⅝ to $16⅞ after news the company had received a $26.50 a share offer from a group led by Ardshiel, a New York investment banking company. Quaker's chairman said he believed the company should remain independent. Texaco, which said it was negotiating to sell its West German subsidiary, fell $⅞ to $49⅞.

Grolier, the encyclopaedia publisher, dropped $2⅛ to $24 after news that it had accepted a sweetened offer of $24.25 a share or about $450m from Hachette, the French publisher.

Dow Chemical rose $1 to $88⅞ after news that it held more than 2 per cent of Montedison's common shares. Montedison's shares, quoted on the New York Stock Exchange, rose $⅛ to $13⅞.

Wolverine Technologies jumped $4⅞ to $23⅞, taking its share price above the $23-a-share *offer launched yesterday* by Saint-Gobain of France. Saint-Gobain's offer betters the bid of $18.50 a share by Fly-Gem Industries which Wolverine accepted last month.

Primerica dropped $⅛ to $27⅞. The company said it had agreed to sell three insurance subsidiaries and related companies to American National Insurance. It also agreed to sell its stake in Musicland Group to a group of investors for $36 a share. Musicland added $1⅞ to $34.

Canada

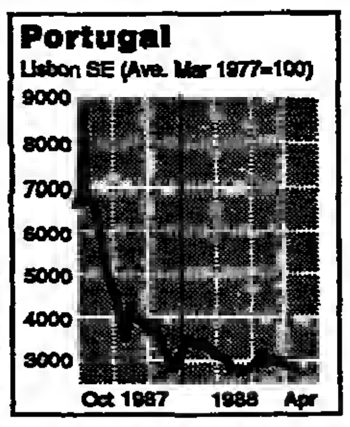
AFTER DRIFTING for much of the day, Toronto stocks closed with a small gain reflecting uncertainty about interest rates. The composite index rose 3.26 to 3364.38 on light volume of 21m shares.

Among most actives, International Corona Resources dropped C$⅞ to C$10, Laidlaw Transportation warrants lost 35 cents to C$2.35. Dome Petroleum gained five cents to C$1.29 and Canadian Imperial Bank rose C$⅛ to C$21⅞.

Peter Wise on first hints of a recovery

Battered Lisbon finds hope in new share issues

SUCCESSFUL share issues by Citibank and the cork company Corticeira Amorin have sparked hopes that investors are slowly regaining confidence in the Portuguese stock market, which has so far failed to make any significant recovery from the trauma of the October crash.



Citibank's issue last Friday of 570,000 shares, the first flotation on the exchange this year, was over-subscribed by more than 1m shares, according to bank officials. The shares, offered at Esc 6,700 ($48), sold at an average of Esc 6,967, raising almost Esc 4bn and more than doubling the bank's capital in Portugal.

Corticeira Amorin saw similar demand yesterday for its 350,000 shares being issued on the small Oporto exchange. By the weekend advance orders had reached 500,000 at bids ranging from the base price of Esc 4,000 up to Esc 7,000.

Leading foreign groups were reported to be among the main contenders for the issue. But the market, which is languishing at a level about 60 per cent below its high of last year, is now also seeing the return of the small retail investor.

"The most encouraging aspect of the Citibank issue was the high proportion of small, private investors involved," says investment strategist Mr Joao Rendeiro. "These were the hardest hit by the collapse in October and their return will help to dispel fears that confidence in the Portuguese market was beyond revival."

Black Monday delivered its harshest blow to Portugal where share prices plummeted to two-thirds of their peak reached in October. The shock has been so great that the bullish mood returning to other European markets has failed to take hold in Portugal.

Lisbon's official Banco Totta e Acores index soared by more than 450 per cent in the first 10 months of 1987, ending at a record of just under 7,000. It tumbled post-crash to reach a low of about 3,000 in December and currently stands at 3,880.

Turnover has been hit even harder. The Esc 4bn raised by the Citibank issue is 10 times greater than the Lisbon exchange's average daily dealings – which are themselves less than the daily trade in many single stocks in London.

First quarter volume in Lisbon was between one-fifth and one-third lower than that of the same period in 1987, even though the number of quoted companies has more than tripled to above 150.

Although the success of the year's first issues signals a reawakening of confidence, market professionals are not predicting a significant upswing in the short term.

"The market is likely to show little buoyancy over the next three months," said Mr Rendeiro, "but the outlook is brighter for the second half of the year as prices rise in the rest of Europe and Portuguese stocks begin to look more attractive."

The Social Democrat Government, which has been accused of undermining the market by tinkering with trading mechanisms and tax incentives, is seeking to rebuild confidence with a legislative reform package for the stock exchange due to reach parliament next month.

Proposed measures include exempting share transactions from stamp duty, and creating independent brokerage houses as well as private portfolio management companies.

EUROPE

Optimism boosted by gains in main overseas markets

OPTIMISM over the direction of Tokyo and Wall Street gave a boost to markets around Europe yesterday. The firmer dollar and higher oil prices also buoyed sentiment, helping to produce highs for the year in Oslo, Madrid and Stockholm, *writes Our Markets Staff.*

FRANKFURT continued to follow the dollar and Wall Street higher, with sentiment also boosted by government forecasts of stronger economic growth in West Germany.

The FAZ index rose 3.73 to 461.77, with chemicals and cars leading the way, cheered by the dollar's fixing in Frankfurt at DM1.6888, against DM1.6741 on Friday.

In chemicals, Bayer rose DM8 to DM263.30, BASF added DM5.90 to DM252.50 and Hoechst firmed DM3.10 to DM264.90. Car stock Daimler put on DM10 to DM689, BMW climbed DM14 to DM518 and VW, which is expected to announce its 1987 dividend today or tomorrow, added DM4.10 to DM249.50.

Retailers were also popular, helped by Finance Minister Gerhard Stoltenberg's forecast that the economy would grow by more than 2 per cent, compared with previous estimates of between 1.5 and 2 per cent.

Karstadt added DM14 to DM463, *Kaufhof* DM8 to DM398 and Horten DM2 to DM 182.

Bonds firmed in quiet trading and the yield on the 6¼ per cent 1998 unit fell to 6.21 per cent from 6.23 per cent.

PARIS also took its lead from the main overseas equity and currency markets, with most sectors ending higher.

The opening CAC General index was up 6.2, or 2 per cent, at 293.6. Gains were helped by a sudden ¾ point drop in French call money and an unchanged Bank of France intervention rate.

Elf Aquitaine closed FFr15.90 up at the day's high of FFr284.90 after increasing its bid for Rhin-Rhone to FFr1,700 a share. Rhin-Rhone was suspended at FFr1,653.

Saint Gobain rose FFr6.20 to FFr356.20 after launching a bid for Wolverine Technologies of the US and Hachette put on FFr55 to FFr1,725 after sweetening its offer for fellow publisher Grolier of the US.

Sanofi, Elf's pharmaceutical associate, rose FFr4 to FFr495 on news of almost trebled annual profits. And food and drinks group BSN put on FFr184 to FFr4,079 on Friday's news of 48 per cent higher earnings in 1987.

The upcoming review of Opec's output figures helped oil stocks such as Petrofina, which closed FFr19 higher at FFr1,870.

MILAN ended slightly higher with trading focusing on blue chips in the run-up to the end of the month-long account on Friday.

The MIB index was 0.37 per cent higher at 1,087, helped also by gains in other main markets.

Montedison added L10 to L1,565 before news that Dow Chemical of the US had acquired more than 2 per cent of its common shares "as an investment."

Montedison's Standa, due to report 1987 results after the market's close, put on L190 to L16,470.

ZURICH saw some caution pending the release on Thursday of US trade data, but ended higher on general optimism over the firmer dollar and positive trends in New York and Wall Street.

The all-share index was 13.1 higher at 836.6. Inspectorate rose SFr40 to SFr2,340 after more than doubling 1987 profits.

AMSTERDAM was boosted by the stronger dollar – at Fl 1.8914 against Fl 1.8797 – and saw moderate trading, with the CBS all-share index rising 1 to 86.4.

Royal Dutch firmed on stronger oil prices, ending Fl 4.50 higher at Fl 232.80. And shipping and transport company Nedlloyd continued its recent good run, adding Fl 10.50 to Fl 227.

Blue chips were mostly stronger, with Akzo up Fl 2.20 at Fl 109.90, KLM up 60 cents at Fl 37.40 and Philips 60 cents stronger at Fl 29.70. Unilever added Fl 1.70 to Fl 115.70.

BRUSSELS finished mixed amid some concern over the domestic political situation and a reluctance to take positions pending Thursday's meeting by shareholders of Société Générale.

The stock index eased 18.39 to 4,714.38 and shares in La Générale fell BFr505, or 10 per cent, to BFr4,575 on the cash market. Solvay benefited from news of higher oil prices and rose BFr100 to BFr11,775, a high for the year.

STOCKHOLM reached its second consecutive post-crash high, buoyed by New York's gains, and the Affaersvaerlden index rose 8.3 to 820.6.

OSLO reached a new high for the year, with the all-share index rising past 300 as higher oil prices buoyed sentiment.

The all-share index rose 5.37 to 304.32 on turnover worth NKr147m.

Saga Petroleum rose NKr4 to NKr107 and Norsk Hydro put on NKr4 to NKr205 as spot North Sea oil prices moved up 80 cents a barrel to $16.30.

MADRID rose to a 1988 high as investor confidence grew following rises in other world markets. The general index added 2.98 to 277.41.

London

INTERNATIONAL blue chips saw relatively heavy trading in an otherwise thin market, as the stronger dollar boosted *demand for stocks* such as ICI, Glaxo, Beecham and British Petroleum.

The FT-SE index moved past the 1,800 mark, closing up 30.8, or 1.7 per cent, at 1,810.5. Investors were encouraged by the strong showings in New York and Tokyo and also cheered by last week's ½ point cut in bank base rates.

Firmer oil prices brought renewed activity in oil shares, but big investment institutions remained inclined to hold back their investment projects for *the new financial year pending* the release of US trade data and the Group of Seven meeting.

SOUTH AFRICA

A LACKLUSTRE performance by the bullion price meant that gold shares closed slightly firmer, but off the day's highs.

Dealers retreated to the sidelines prior to Thursday's US trade figures, and there was little foreign interest as bullion drifted just below $450.

Among leading gold shares, Vaal Reefs closed R1 higher at R265 while Elsberg was 10 cents up at R5.40. Kloof eased 50 cents to R32.50.

Mining financial Anglo American shed 50 cents to R49.25, while De Beers closed unchanged at R31.75. Industrials firmed with Barlows up 50 cents at R20.

ASIA

Nikkei advances to second peak as yen turns lower

Tokyo

THE LOWER yen and Wall Street's four-day rising streak gave further cheer to share prices in Tokyo, with the Nikkei average closing at another record high, *writes Shigeo Nishiwaki of Jiji Press.*

Large-capital issues were mostly sluggish, but high-technology stocks and domestic demand-related issues advanced and the Nikkei average ended 175.98 higher at 26,924.87.

The index shot up 249 at one stage to less than 2 points short of 27,000, but fell back as buying tapered off late in the day. It ranged from 26,761.22 to 26,998.38, with gains leading losses 531 to 351 and 173 issues unchanged. Volume shrank to 917m shares from Friday's 1.5bn.

Buying was encouraged by last week's gains on Wall Street and the dollar's rise close to Y126 in Tokyo. But, as the market indicator climbed towards 27,000, fears increased that tougher regulations would be imposed on price movements. Buying interest was also hit by a growing view that Japan's trade figures for March, announced after the market closed, would register a large surplus, and big-capital issues turned lower.

Mitsubishi Heavy Industries gained Y12 to hit a record high of Y760 on the day's heaviest trading of 142.9m shares. The stock was seen as underpriced compared with other large-capital issues.

However, investors generally shied away from leading issues that had contributed to the Nikkei's recent surge and instead sought underperforming stocks.

Among steels and shipbuildings, for example, Nippon Steel closed unchanged at Y494, coming second on the list of most actively traded stocks on relatively low volume of 137.4m shares, Sumitomo Metal Industries lost Y8 to Y409, Kawasaki Steel Y3 to Y402 and Nippon Kokan Y7 to Y393.

Leading high-tech stocks met demand. Sanyo Electric added Y20 to Y894 on the fourth largest volume of 35.3m shares, Hitachi rose Y10 to Y1,480 and NEC Y30 to Y2,220. TDK finished Y30 up at Y4,530 and Minolta Y11 higher at Y721, but Toshiba fell Y3 to Y837 and Mitsubishi Electric Y12 to Y766.

Among domestic demand-related stocks, Tokyo Electric Power added Y130 to Y6,380, Kumagai Gumi Y45 to Y1,010 and Seikisui House Y40 to Y1,970. Tokio Marine and Fire Insurance added Y40 to Y2,150.

Nippon Telegraph and Telephone, which had plunged after reaching Y3.18m in April last year, was also popular, ending Y70,000 higher at Y2.47m.

Dealers stepped up bond purchases amid expectations that the coupon rate on the April issue of government bonds would be lowered by 0.2 of a percentage point to 4.6 per cent for the March issue. As a result, the yield on the 5.0 per cent government bond due in December 1997 declined to 4.195 per cent from Friday's 4.220 per cent. But selling increased quickly as the yield fell, and the bond finished at a yield of 4.220 per cent.

Prices rallied on the Osaka Securities Exchange, helped by interest in issues affected by domestic demand. The OSE stock average rose 64.40 from Friday to 26,866.35 with 140.5m shares traded, down 69.3m.

Torishima Pump rose Y130 to Y1,880 on rumours of heavy buying by speculators, while Yoshimoto Kogyo added Y60 to Y1,670. Life Stores lost Y80 to Y3,430.

Australia

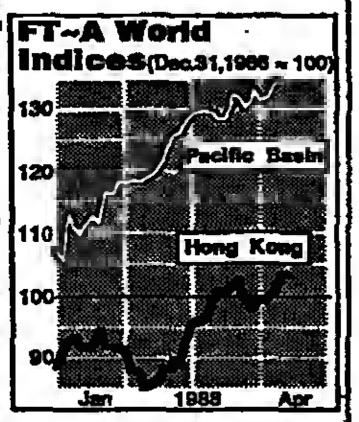
RECORD performances in Tokyo and New York boosted sentiment and the *All Ordinaries index rose* to its highest level since October 24. The index added 29.2 to 1,453.7, with gains in all sectors, although volume was thin.

News Corp, which received clearance to buy an additional stake in Reuters and to buy a further 11.6 per cent of Newspoint Holdings, rose 45 cents to A$14.45.

Hong Kong

BULLISH sentiment took equities upwards with share prices ending at the day's highs in active trading.

Most of the gains came in the afternoon after a mid-day bout of profit-taking and the Hang Seng index rose 31.14 to 2,651.01. Turnover rose to HK$1.22bn from HK$1.13bn.



Singapore

SMALL early gains were trimmed in later profit-taking to leave Singapore mixed in thin trading as the market continued to consolidate after recent gains. The Straits Times industrial index finished 3.47 higher at 946.48.

Malaysian issues found some demand on the back of good economic growth prospects for the country this year and higher rubber prices. Sime Darby was the most active stock of the day, adding 1 cent to S$2.48 on 901,000 shares traded.

FT – ACTUARIES WORLD INDICES

Jointly compiled by the Financial Times, Goldman, Sachs & Co., and Wood Mackenzie & Co. Ltd., in conjunction with the Institute of Actuaries and the Faculty of Actuaries

NATIONAL AND REGIONAL MARKETS	MONDAY APRIL 11 1988					FRIDAY APRIL 8 1988			DOLLAR INDEX		
Figures in parentheses show number of stocks per grouping	US Dollar Index	Day's Change %	Pound Sterling Index	Local Currency Index	Gross Div. Yield	US Dollar Index	Pound Sterling Index	Local Currency Index	1988 High	1988 Low	Year ago (approx)
Australia (89)	120.72	+3.1	96.54	107.75	4.01	117.15	92.58	105.11	120.72	91.16	133.90
Austria (16)	91.78	+0.1	73.39	80.36	2.61	91.70	72.47	79.73	98.18	84.35	93.54
Belgium (65)	127.34	−0.8	101.83	110.69	4.47	128.36	101.44	111.43	139.89	99.14	120.40
Canada (126)	124.34	+0.8	99.43	111.65	2.95	123.40	97.52	111.51	124.34	107.06	133.71
Denmark (39)	122.73	−0.2	98.14	107.70	2.65	122.97	97.18	107.21	122.97	111.42	113.49
Finland (25)	127.56	+0.1	102.00	108.10	1.92	127.49	100.75	107.32	127.56	106.78	–
France (121)	84.38	+1.5	67.48	75.65	4.26	83.11	65.68	73.95	88.72	72.77	117.59
West Germany (99)	78.63	+0.0	62.88	68.94	2.66	78.61	62.12	68.35	80.79	67.78	91.17
Hong Kong (47)	104.39	+1.1	83.48	104.68	4.30	103.28	81.62	103.54	104.39	84.90	107.10
Ireland (18)	122.16	+0.4	97.69	108.46	4.09	121.69	96.17	107.41	122.83	104.60	118.27
Italy (102)	78.93	−0.7	63.12	73.72	2.54	79.46	62.79	73.58	81.74	62.99	104.76
Japan (457)	172.38	−0.4	137.85	137.90	0.52	173.08	136.78	137.31	173.08	133.61	145.05
Malaysia (36)	126.05	+0.4	100.80	125.37	2.80	125.55	99.22	124.49	126.05	107.83	143.99
Mexico (14)	138.42	−0.5	110.69	344.31	1.03	139.08	109.91	345.94	176.90	90.07	6.00
Netherland (38)	110.66	+0.7	88.49	95.59	4.78	109.87	86.83	94.12	110.66	95.23	115.82
New Zealand (22)	76.90	+0.6	61.49	61.95	5.58	76.43	60.40	61.86	79.15	64.42	96.32
Norway (25)	129.29	+2.3	103.39	110.20	2.69	126.40	99.89	107.35	129.29	98.55	131.74
Singapore (26)	109.29	−0.2	87.39	101.16	2.43	109.54	86.57	101.09	114.93	97.99	121.85
South Africa (60)	124.74	−3.4	99.75	83.91	5.07	129.18	102.09	83.67	139.07	118.16	183.46
Spain (42)	152.48	+0.2	121.93	128.91	3.31	152.18	120.26	127.80	153.85	130.73	115.85
Sweden (38)	122.55	+0.6	98.00	107.63	2.62	121.87	96.31	106.62	122.55	96.92	115.49
Switzerland (56)	81.46	−0.1	65.14	70.50	2.43	81.56	64.46	69.91	86.75	76.22	97.19
United Kingdom (330)	138.49	+0.3	110.75	110.75	4.28	138.03	109.08	109.08	140.79	123.09	126.20
USA (584)	109.95	+0.3	87.92	109.95	3.44	109.68	86.68	109.68	110.51	99.19	117.26
Europe (1014)	109.25	+0.3	87.36	92.13	3.77	108.94	86.10	91.00	110.53	97.01	112.82
Pacific Basin (677)	167.62	−0.3	134.04	135.28	0.69	168.10	132.85	134.61	168.10	130.81	143.20
Euro-Pacific (1691)	144.29	−0.1	115.38	118.14	1.64	144.45	114.16	117.29	144.45	120.36	131.08
North America (710)	110.72	+0.3	88.54	110.07	3.41	110.41	87.25	109.81	111.07	99.78	118.13
Europe Ex. UK (684)	91.11	+0.2	72.86	80.46	3.31	90.90	71.84	79.67	92.44	80.27	104.56
Pacific Ex. Japan (220)	110.22	+2.0	88.14	101.76	4.09	108.06	85.40	100.04	110.22	87.51	120.51
World Ex. US (1891)	143.40	−0.1	114.67	117.68	1.71	143.57	113.46	116.86	143.57	120.26	131.75
World Ex. UK (2145)	129.70	+0.0	103.72	115.45	2.05	129.75	102.54	114.93	129.75	111.77	126.09
World Ex. So. Af. (2415)	130.50	+0.0	104.36	115.21	2.25	130.47	103.11	114.57	130.50	113.26	125.72
World Ex. Japan (2018)	110.36	+0.3	88.25	103.20	3.58	110.02	86.95	102.53	110.99	100.00	117.08
The World Index (2475)	130.47	+0.0	104.33	114.99	2.26	130.47	103.11	114.36	130.47	113.37	126.09

Base values: Dec 31, 1986 = 100; Finland: Dec 31, 1987 = 115.037 (US $ index), 90.791 (Pound Sterling) and 94.94 (Local).

Amendments to indices for April 8 applied to the following: Spain, Switzerland, the Regional indices and the World Index.